

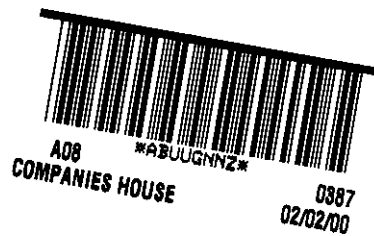
Company Number: 8894C

Registered Charity Number: 312803

**WORKING MEN'S COLLEGE CORPORATION**  
**(A company limited by guarantee and not having a share capital)**

**Report and Financial Statements**

for the year ended 31 July 1999



# WORKING MEN'S COLLEGE CORPORATION

## REPORT AND FINANCIAL STATEMENTS

for the year ended 31 July 1999

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# WORKING MEN'S COLLEGE CORPORATION

## OFFICERS AND PROFESSIONAL ADVISERS

### Governors

Janet Whitaker (Chair)  
Hugh Deeney  
Beverley Evans  
Nigel Franklin  
Satnam Gill (Principal)  
Alan Humfress  
Michael Johns  
Michael Laschinger  
Lord McIntosh of Haringey  
Selwyn Midgen (Treasurer)  
Michael Mockridge (Vice Chair)  
Professor Tom Schuller  
Ruth Silver, CBE  
Laily Thompson

### Company Secretary

Michael Mockridge

### Senior Post Holders

Satnam Gill - Principal  
Martin Jones - Director of Resources  
Paula Whittle - Director of Curriculum

### Bankers

National Westminster Bank plc  
Camden Town, London, NW1

### Solicitors

Bates Wells and Braithwaite  
London, EC2V 6BB

### External Auditors

Kingston Smith  
London, EC1M 7AD

### Internal Auditors

(To 31 July 1999)  
Kingston Smith  
London, EC1M 7AD

(From 1 Aug 1999)  
Moores Rowland Internal Audit Limited  
Richmond TW1 2HA

# WORKING MEN'S COLLEGE CORPORATION

## REPORT OF THE GOVERNORS OF THE CORPORATION

for the year ended 31 July 1999

The Governors of the Corporation present their report and the financial statements for the year ended 31 July 1999.

### Legal Status

The Working Men's College Corporation is a "Designated Institution" under the Further and Higher Education Act 1992. It is also a company limited by guarantee not having a share capital and a registered charity. In addition to falling within the jurisdiction of the Further Education Funding Council, the College is therefore also subject to the requirements of the Companies Acts and the Charities Act. However, as a registered charity with wholly qualifying activity, the Working Men's College is not liable to corporation tax.

### Mission

The objects of the Corporation as set out in its Memorandum of Association are "to advance the education of the adult public by the provision of an adult education institution".

In the College's strategic plan the mission has been expanded as follows: "To increase the educational opportunities for adults who cannot study full time, particularly those who have missed out on their initial education, by providing:

- . an educational environment suitable for adults within a relatively small College community in which all members can play an active part;
- . a programme which both responds to the pressing educational needs of the population in the surrounding area; and attracts students from a wider catchment, using its position at the centre of a network of public transport;
- . a mixture of courses which bridge the artificial boundary between 'vocational' and 'non-vocational' education."

### Objectives

The College is continuing to address the weaknesses identified in the last Further Education Funding Council inspection report and while significant progress has been made, including the complete restructure and replacement of the senior management team during the first half of 1999, a significant number of weaknesses remain. To deal with these, Governors have determined that the College will:

- . work with local learning partnerships;
- . actively seek help from the Further Education Funding Council and its Standards Fund to tackle issues of retention and achievement;
- . seek help and guidance from neighbouring colleges and collaborative partners;
- . develop links with other designated institutions to learn from their good practice, in particular Mary Ward College and the City Literacy Institute;
- . seek expertise from the Association of Colleges and others in the sector where appropriate;
- . seek to work closely with employers.

The College has made good progress on these objectives during the year. In particular it is now in the North London Lifelong Learning Partnership and has worked closely with Kingsway College on improving IT facilities in the College supported by funding from the Collaboration Fund. The results of the College's bid to the Standards Fund is currently awaited.

# **WORKING MEN'S COLLEGE CORPORATION**

## **REPORT OF THE GOVERNORS OF THE CORPORATION**

**for the year ended 31 July 1999**

### **Performance Indicators**

Performance indicators relating to key areas of colleges' activities are set out in the Further Education Funding Council's publication "Performance Indicators 1996-97". This document compares the performance of different colleges in the following areas:

- . achievement of funding target;
- . percentage change in student numbers;
- . in year retention rates;
- . achievement rates;
- . contribution to national targets;
- . out-turn average level of funding;

Members of the Corporation have expressed concern that these indicators do not do justice to the particular purpose and student population of the Working Men's College as a specially designated institution and are actively considering alternative indicators which are nonetheless acceptable to the Funding Council.

### **Student Numbers and Achievements**

Further education colleges are funded according to the units of activities they generate each year. As a specially designated institution, Working Men's College receives funding for the delivery of both Schedule 2 and Non-Schedule 2 provision. For 1998/99 the College has achieved an estimated 28,000 units against a total allocation of approximately 34,000 units and accordingly provision has been made in the accounts for the clawback of funds which will result from the shortfall of delivery.

Of students enrolling on GCSE and A level courses during the year, 67% and 60% respectively went on to complete the course with pass rates of 90% and 37% respectively. The average A level points score was 8.6.

The College believes that to fund the support systems which will enable it fully to address its current weaknesses and succeed with its aims, requires a level of activity in excess of 60,000 units. A strategy has been prepared which enables the College to recover some of its accommodation from current tenants and use it for its own purposes, offering daytime provision as well as evening, modernising the curriculum offer and thus growing to a level of 60,000 units by the 2000/2001 academic year, although the growth funding from the Further Education Funding Council has not yet been agreed and will, to a certain extent, be dependent on the outcome of the College's second round inspection visit which is due in autumn 2000.

The College has already started to increase its recruitment levels and whereas in October 1998 1,697 students had enrolled at the College, the comparable figure in October 1999 is 2,340.

### **Curriculum Developments**

During 1999 the College prepared an update to its Strategic Plan for 1997 - 2002 in which academic and curriculum development objectives were set out as being to provide:

- . opportunities for adults to acquire basic skills in literacy, numeracy and the uses of computers;
- . access and progression routes for people preparing for higher level courses in further or higher education;
- . courses which people follow to enhance their skills and understanding, without wanting them to be formally accredited;
- . opportunities for the involvement of student and staff representatives in the policy and decision-making procedures of the College;
- . areas of study which are not widely available locally.

# **WORKING MEN'S COLLEGE CORPORATION**

## **REPORT OF THE GOVERNORS OF THE CORPORATION**

**for the year ended 31 July 1999**

### **Governance and Management**

The Corporation conducts its business through a number of committees. Each committee has terms of reference which have been approved by the full Corporation. The Committees which operated during the year were: Audit Committee, Finance and Investment Committee, Personnel Committee and Search Committee. In addition the Corporation has representation on the Quality Committee and the Health and Safety Committee.

The full Corporation meets quarterly and the other committees at least once each term. The Search Committee meets as required. Full minutes of the non-confidential business of all meetings are available from the Clerk to the Corporation at Working Men's College, 44 Crowndale Road, London, NW1 1TR.

The Clerk to the Corporation maintains a register of financial and personal interests of the governors and the senior postholders within the College. Both registers are available for inspection on application to the clerk at the above address.

The Governors receive no remuneration for their services, but are entitled to claim out of pocket expenses. In the year to 31 July 1999 out of pocket expenses to Governors totalled £ nil.

Appointed Governors act as guarantors to the company and in the event of its winding up are required to contribute the sum of five pence each.

After Ms Evelyn Murray left the College in August 1998, Mr Satnam Gill was appointed as Principal and took up post in February 1999. Following a review of the senior management structure, two senior posts of Director of Curriculum and Director of Resources were established and the new postholders were appointed during the summer of 1999.

### **Finances**

The College generated an operating deficit of £ 67,414 for the year to 31 July 1999 ( 1998 - deficit of £ 117,723). In addition there were realised gains resulting from the management of the College's investment portfolio of £299,676 (1998 - £ 122,993) and an unrealised loss of £ 21,745 (1998 - unrealised gain of £ 441,297). The College has for many years generated operating deficits and been dependent on the gains from the investment portfolio to cover the deficit. In major part, this is a consequence of the low volume of activity combined with a funded average level of funding (ALF) until 1997/98 of under £3. With the advent of FEFC convergence, the ALF has increased in 1998/99 to £16.20 plus London weighting. This puts the College's recurrent revenue budget on a much stronger footing than hitherto and enables the Corporation to make some longer term strategic financial plans.

The College has accumulated reserves of £5.275 million, the vast majority of which are believed to be unrestricted. At the balance sheet date £1.18 million was held in cash and a further £4 million in government gilt stocks and UK equities. The College proposes to use some of these reserves in a major investment and upgrade programme on its property and equipment in Camden during the next two years.

As a consequence of the increased depreciation charges flowing from the above developments, the College forecasts that it will continue to report operating deficits for the immediately foreseeable future, but the investment in the infrastructure will enable it to properly support the student growth it desires.

### **Equipment**

The Further Education Funding Council's capital equipment allocation for the year was £ 5,363. In addition the College obtained a grant of £ 26,000 from the Collaboration Fund and invested some £ 73,314 of its own resources in capital expenditure. The total capital equipment programme therefore showed a spend of £ 104,677.

## **WORKING MEN'S COLLEGE CORPORATION**

### **REPORT OF THE GOVERNORS OF THE CORPORATION**

for the year ended 31 July 1999

#### **Land and Buildings**

The Governors consider the market value of the freehold land and buildings in Crowndale Road to be substantially greater than the cost at which they are carried in the accounts.

#### **Planned Maintenance Programme**

The College is currently preparing a comprehensive new planned maintenance programme covering a period of ten years. The full result is not yet known, but it is anticipated that the programme of works will be of the order of £2 million, recognising that the College's property is a grade 2 listed building. The resulting average annual charge would thus be £ 200,000. No significant long term maintenance project was undertaken during 1998/99, but it is expected that the full annual complement of work will be completed during 1999/2000.

#### **Year 2000 Compliance**

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of the College's business depends not only on its own computer systems but also, to some degree, on those of its suppliers and customers. This could expose the College to further risk in the event that there is a failure by other parties to remedy their own year 2000 issues.

A Collegewide programme, designed to address the impact of the year 2000 on the business, has been commissioned by the Corporation and is underway.

A significant risk analysis has been performed to determine the impact of the issue on all the College's activities. From this, prioritised action plans have been developed which are designed to address the key risks in advance of critical dates and without disruption to the underlying business. Priority is given to those systems which could cause a significant financial or legal impact on the College's business if they were to fail. The plan also includes a requirement for the testing of systems changes, involving the participation of users.

The risk analysis also considers the impact on the College's business of year 2000 related failure by significant suppliers (including computer bureaux) and customers. In appropriate cases College managers have initiated formal communication with these other parties.

Given the complexity of the problem, it is not possible for any organisation to guarantee that no year 2000 problems will remain because at least some level of failure may still occur. However the Governors believe that the College has achieved an acceptable state of readiness and has also provided resources to deal promptly with subsequent failures or issues that might arise.

#### **Equal Opportunities and Employment of Disabled Persons**

The Working Men's College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in Race, Gender, Sex, Exceptional Needs, Class and Age. We still strive vigorously to remove conditions which place people at a disadvantage and will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis.

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

# WORKING MEN'S COLLEGE CORPORATION

## REPORT OF THE GOVERNORS OF THE CORPORATION

for the year ended 31 July 1999

### Staff and Student Involvement

The College considers good communication with staff and students to be important.

The Corporation includes a staff member and a student observer. Changes to the company's Articles are currently being considered by the Corporation which will increase these levels of representation on the Corporation and provide for the student nominees to be full members. The Principal has introduced both staff and student bulletins and newsletters which are produced regularly and all working parties and development groups within the College include staff and student representation.

It is however sometimes difficult to secure the level of staff participation that is desirable because 98% of the teaching staff are part-time sessional staff.

### Governors

The Governors who served the Corporation during the year or have been appointed subsequently and related information about their appointment were as follows:

Name	Status of Appointment	Date of Appointment or Re-appointment	Date of Resignation	Appointed Term of Office	Committees Served during the year
Baroness Whitaker (Chair from 9 December 1998)	Appointed	10 Dec 1997		3 years	F R(Ch) S(Ch)
Lee Barr	Elected	18 Feb 1998	28 May 1999	3 years	P
Hugh Deeney	Staff	9 Dec 1998		3 years	
Beverley Evans	Appointed	13 July 1999		3 years	A
Nigel Franklin	Appointed	14 Aug 1997		3 years	A
Satnam Gill	Principal	19 Oct 1999			
Prof. J Michael Hancock (Chair to 9 December 1998)	Appointed	14 Aug 1997	9 Dec 1998	3 years	
Alan Humfress	Appointed	10 Dec 1997		3 years	H(Ch)
Michael Johns	Appointed	14 Aug 1997		3 years	F
Michael Laschinger	Appointed	14 Aug 1997		3 years	
Lord McIntosh of Haringey	Appointed	14 Aug 1997		3 years	
Selwyn Midgen (Treasurer)	Appointed	14 Aug 1997		3 years	F(Ch) P S
Michael Mockridge (Vice Chair)	Appointed	14 Aug 1997		3 years	F P(Ch) R S
Noel Rasmussen	Appointed	14 Aug 1997	9 Dec 1998	3 years	
Marie Rhodes	Appointed	14 Aug 1997	13 July 1999	3 years	A(Ch) P
Professor Tom Schuller	Appointed	13 Apr 1999		3 years	
Ruth Silver	Appointed	14 Aug 1997		3 years	Q(Ch) R S
Laily Thompson	Appointed	13 July 1999		3 years	

Key to sub-committees:  
(Ch) = committee chair

A = Audit  
F = Finance & Investment  
H = Health & Safety

P = Personnel  
Q = Quality  
R = Remuneration  
S = Search

In addition to the above, Mr P Badman is a co-opted member of Audit Committee and Ms Simone Hensby is a co-opted member of Search Committee.

Ms S Fishley is engaged part-time to the post of Clerk to the Corporation.

*h. J. h. l. y. e.*

Company Secretary  
8 December 1999



## WORKING MEN'S COLLEGE CORPORATION

### CORPORATE GOVERNANCE STATEMENT OF THE SYSTEM OF INTERNAL FINANCIAL CONTROL

As Accounting Officer I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Working Men's College. The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or would be detected within a timely period.

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

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

The Working Men's College has an internal audit service which operates in accordance with the requirements of the Further Education Funding Council's Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the College's Governing Body on the recommendation of the Audit Committee. At least annually, the Head of Internal Audit provides the Governing Body with a report on internal audit activity in the College. The report includes the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the College's system of internal control including internal financial control.

My review of the effectiveness of the system of internal financial control is informed by the work of the internal auditors, the Audit Committee which oversees the work of the internal auditors, the executive manager within the College who has responsibility for the development and maintenance of the financial control framework and comments made by the external auditors in their management letter and other reports.

Satnam Gurm.

Principal

8 December 1999

## **WORKING MEN'S COLLEGE CORPORATION**

### **STATEMENT OF THE RESPONSIBILITIES OF THE GOVERNORS OF THE CORPORATION**

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

Under the Companies Act 1985 and within the terms and conditions of the financial memorandum agreed between the Further Education Funding Council ("the Council") and the Corporation of the College ("the Corporation"), the Corporation, through its chief officer, is required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the College and the surplus or deficit for that year.

In preparing these financial statements the Corporation is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare financial statements on the going concern basis unless it is inappropriate to assume 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 to enable it to ensure that the financial statements are prepared in accordance with relevant legislation and other relevant accounting standards. It has general responsibility for taking such steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

Members of the Corporation are responsible for ensuring that funds from the Council are used only in accordance with the financial memorandum with the Council and any other conditions which the Council may from time to time prescribe. Members of the Corporation must ensure that there are appropriate financial and management controls in place sufficient to safeguard public and other funds and ensure that they are used only in accordance with the conditions under which they have been made available. In addition, members of the Corporation are responsible for securing the 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 Council are not put at risk.

# WORKING MEN'S COLLEGE CORPORATION

## AUDITORS' REPORT TO THE MEMBERS OF THE CORPORATION

We have audited the financial statements on pages 10 to 23 which have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments and in accordance with the accounting policies set out on pages 13 and 14.

### Respective Responsibilities of the Members of the Corporation and Auditors

As described on page 8, the Governors of the Corporation are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### Basis of our Opinion

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

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

### Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the College as at 31 July 1999 and of its deficit of income over expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985.
- funds from whatever source administered by the College for specific purposes have been properly applied for the intended purposes and, where relevant, managed in accordance with appropriate legislation for the year ended 31 July 1999.
- funds provided by the Further Education Funding Council have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them for the year ended 31 July 1999.



Chartered Accountants  
Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

22 December 1999

# WORKING MEN'S COLLEGE CORPORATION

## INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 July 1999

	Note	1999		1998	
		£	£	£	£
<b>INCOME</b>					
FEFC grants	2		548,836		159,828
Tuition fees and charges	3		121,639		136,116
Other grant income	4		4,017		9,372
Other operating income	5		114,751		197,436
Investment income	6		243,253		261,165
			<u>1,032,496</u>		<u>763,917</u>
<b>EXPENDITURE</b>					
Staff costs	7	648,770		609,323	
Other operating expenses	7	407,037		243,228	
Depreciation	10	44,103		29,089	
		<u>1,099,910</u>		<u>881,640</u>	
<b>Deficit on continuing operations after depreciation of tangible fixed assets but before tax</b>			<u>(67,414)</u>		<u>(117,723)</u>
Taxation	9		-		-
<b>Deficit on continuing operations after depreciation of assets and tax</b>			<u>(67,414)</u>		<u>(117,723)</u>

There is no difference between the deficit stated above and the historic cost deficit for either the current or previous years.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 July 1999

		1999	1998
		£	£
Deficit on continuing operations after depreciation of assets and tax		(67,414)	(117,723)
Interest earned on restricted fund investment		557	-
Realised gains on disposal of investments	11	299,676	122,993
Unrealised (losses)/gains on investments	11	(21,745)	441,297
<b>Total recognised gains relating to the year, transferred to reserves</b>		<u>211,074</u>	<u>446,567</u>

# WORKING MEN'S COLLEGE CORPORATION

## BALANCE SHEET

As at 31 July 1999

	Note	£	1999 £	£	1998 £
<b>FIXED ASSETS</b>					
Tangible assets	10		234,701		174,693
Investments	11		4,030,876		4,318,237
			<u>4,265,577</u>		<u>4,492,930</u>
<b>CURRENT ASSETS</b>					
Debtors	12	64,514		78,827	
Investments		994,360		547,821	
Cash at bank and in hand		186,188		50,341	
		<u>1,245,062</u>		<u>676,989</u>	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	13	206,173		96,116	
<b>NET CURRENT ASSETS</b>			<u>1,038,889</u>		<u>580,873</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>5,304,466</u>		<u>5,073,803</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14		1,500		-
<b>NET ASSETS</b>			<u>5,302,966</u>		<u>5,073,803</u>
<b>DEFERRED CAPITAL GRANTS</b>	15		27,315		9,227
<b>RESERVES</b>					
Capital Funds	16	5,136,694		4,861,831	
Restricted Funds	16	60,498		56,872	
Accumulated Funds	16	78,459		145,873	
			<u>5,275,651</u>		<u>5,064,576</u>
			<u>5,302,966</u>		<u>5,073,803</u>

The financial statements on pages 10 to 23 were approved by the Corporation on 8 December 1999 and were signed on its behalf on that date by:

*James Anderson*

Chair

*Susan Curran*

Principal

# WORKING MEN'S COLLEGE CORPORATION

## CASH FLOW STATEMENT

for the year ended 31 July 1999

	Note	£	1999 £	£	1998 £
<b>Cash outflow from operating activities</b>	18		(153,402)		(382,684)
<b>Returns on investments and servicing of finance</b>					
Income from investments	6	204,289		226,891	
Other interest received	6	39,521		34,569	
			<u>243,810</u>		<u>261,460</u>
<b>Taxation</b>	9		-		-
<b>Capital expenditure and financial investment</b>					
Payments to acquire tangible fixed assets	10	(104,677)		(14,545)	
Deferred capital grants received	15	31,363		-	
			<u>(73,314)</u>		<u>(14,545)</u>
<b>Management of liquid resources</b>					
Proceeds of sales of fixed asset investments	11	1,440,358		685,512	
Payments to acquire fixed asset investments	11	(875,066)		(491,228)	
			<u>565,292</u>		<u>194,284</u>
<b>Increase in cash in the year</b>	19		<u>582,386</u>		<u>58,515</u>
<b>Reconciliation of net cashflow to movement in net funds/debt</b>					
Movement in net funds in the year as reported above			582,386		
Net funds at 1 August 1998			<u>598,162</u>		
Net funds at 31 July 1999			<u>1,180,548</u>		

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

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 1999

### 1 ACCOUNTING POLICIES

These financial statements are prepared in accordance with the Further Education Funding Council's circular 99/23 and in accordance with applicable Accounting Standards. The specialised FEFC format has been adopted in preference to the more general Charities SORP, and the presentation of the income and expenditure account has been adapted from that prescribed by the Companies Act 1985, to more appropriately reflect the nature of the College's activity and to be consistent with the rest of the further education sector colleges.

#### Basis of Accounting

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

#### Recognition of Income

Income from student fees, research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure accounts in the period in which it is earned. The annual recurrent allocation from the Further Education Funding Council, which is intended to meet recurrent costs, is credited direct to the income and expenditure account. Donations, other than for capital expenditure or to capital funds, are recognised as income when received.

#### Pension Schemes

Retirement benefits to employees of the College are provided by the Teachers' Pension Agency (TPA) and a group personal pension scheme. The former is a defined benefit scheme which is externally funded and contracted out of the State Earnings Related Pension Scheme. Contributions to the 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 five yearly valuations, using the projected unit method. Contributions to the group personal pension scheme are a fixed percentage of salary and are charged to the income and expenditure account on an accruals basis.

#### Tangible Fixed Assets

Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of 20 years.

Individual items, or sets of items, of equipment costing greater than £ 500 and with an expected useful life exceeding one year are capitalised at cost.

Equipment is depreciated over its useful economic life as follows:

Building improvements	- 10 % per year on a straight line basis;
Technical equipment	- 25 % per year on a straight line basis;
Computer hardware	- 25 % per year on a straight line basis;
Computer software	- 33 <sup>1</sup> / <sub>3</sub> % per year on a straight line basis;
Furniture, fixtures and fittings	- 16 <sup>2</sup> / <sub>3</sub> % per year on a straight line basis.

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

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 1999

### 1 ACCOUNTING POLICIES (Continued)

#### **Leased Assets**

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

#### **Investments**

Listed investments are stated at market value. Realised and unrealised gains and losses on investments are taken to an investment reserve which is treated in the accounts as part of the permanent capital funds. The investments are classified as Fixed Asset Investments

Investments held as cash by the fund managers are available for transfer to the College to finance anticipated capital works and other short term cash needs. Accordingly they are classified as Current Asset Investments in the accounts in both the current and previous years.

#### **Maintenance of Premises**

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

#### **Provisions**

Provisions are recognised where 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.

#### **Taxation**

As a registered charity, the College benefits by being exempt from corporation tax on income it receives from tuition fees, interest and rents.

The College is exempted from levying VAT on most of the services it provides to students. The remaining turnover is below the VAT registration threshold and so the College is not registered for VAT. For this reason the College is unable to recover input VAT it suffers on goods and services purchased.

#### **Liquid Resources**

Liquid resources comprise sums on short term deposits with the investment fund manager.



# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 1999

### 2 FURTHER EDUCATION FUNDING COUNCIL GRANTS

	1999 £	1998 £
Recurrent grant (net of clawback)	520,912	149,320
Releases of deferred capital grants	11,535	8,191
Access funds	2,520	-
Basic Skills Schools	12,790	-
IT for students with disabilities	1,079	-
Other FEFC grant income	-	2,317
	<u>548,836</u>	<u>159,828</u>

The earmarked access funds received from the FEFC during the year were administered in accordance with the terms and conditions specified by the Council in its Circular 98/29. The allocated funds were fully utilised for their designated purpose prior to the balance sheet date.

### 3 TUITION FEES AND CHARGES

	1999 £	1998 £
UK	117,581	136,116
European Union (excluding UK)	398	-
Non-European Union	3,660	-
	<u>121,639</u>	<u>136,116</u>

### 4 OTHER GRANT INCOME

	1999 £	1998 £
European Funds	-	-
Other funds	4,017	9,372
	<u>4,017</u>	<u>9,372</u>

### 5 OTHER OPERATING INCOME

	1999 £	1998 £
Releases of deferred capital grants (non-FEFC)	1,740	1,742
Rental income	102,604	118,269
Other income	10,407	77,425
	<u>114,751</u>	<u>197,436</u>

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 1999

### 6 INVESTMENT INCOME

	1999 £	1998 £
Dividends and interest on listed investments	202,952	226,314
Underwriting commission	780	577
Other bank interest	39,521	34,274
	<u>243,253</u>	<u>261,165</u>

### 7 STAFF COSTS AND OTHER OPERATING EXPENSES

	<u>Other Operating Expenses</u>		<u>Staff Costs</u>	
	1999 £	1998 £	1999 £	1998 £
Teaching departments	19,257	18,826	244,689	247,198
Teaching support services	9,049	11,376	67,478	127,734
Administration and central services	218,069	105,438	213,998	172,521
General education expenditure		-	10,161	-
Premises	141,531	88,800	62,944	61,870
Other	19,131	18,788	-	-
Staff restructuring	-	-	49,500	-
	<u>407,037</u>	<u>243,228</u>	<u>648,770</u>	<u>609,323</u>

The total staff costs, split by cost category, were:

	1999 £	1998 £
Wages and salaries	527,839	487,288
Social security costs	35,187	36,248
Other pension costs	36,244	34,792
Restructuring costs	49,500	50,995
	<u>648,770</u>	<u>609,323</u>

The total staff costs, split by type of contract, were:

	1999 £	1998 £
Employment costs for staff on permanent contracts	413,988	394,851
Employment costs for staff on short-term and temporary contracts	185,282	163,477
Staff restructuring costs	49,500	50,995
	<u>648,770</u>	<u>609,323</u>

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 1999

### 7 STAFF COSTS AND OTHER OPERATING EXPENSES (continued)

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

	1999 No.	1998 No.
Teaching departments	13	13
Teaching support services	3	7
Administration and central services	7	5
General education expenditure	1	-
Premises	5	4
	<u>29</u>	<u>29</u>

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

	<u>Senior Postholders</u>	
	1999 No.	1998 No.
£ 0 to £ 5,000	2	-
£ 20,001 to £ 25,000	1	-
£ 30,001 to £ 35,000	1	-
£ 40,001 to £ 45,001	-	1
	<u>4</u>	<u>1</u>

No senior staff received emoluments totalling £40,000 or more in the current or previous year.

A general pay award of 3.5% was approved by the Corporation and paid with effect from 1 August 1998 to all academic and support staff except sessional teaching staff on short term or temporary contracts.

Included in the total of other operating expenses are:

	1999 £	1998 £
Auditors' remuneration:		
External audit	13,814	8,166
Internal audit	6,901	4,062
Other services provided by the internal and external audit firms	44,391	5,889
Hire of non-plant and machinery assets held under operating leases	2,106	-
	<u>2,106</u>	<u>-</u>

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 1999

### 8 EMOLUMENTS OF SENIOR POSTHOLDERS

Senior postholders are defined as the Principal and holders of the other senior posts who are appointed by the Governing Body.

	1999 No.	1998 No.
The number of senior postholders including the principal was	<u>4</u>	<u>1</u>

During the year three different people held the post of Principal.

Senior postholders' emoluments are made up as follows:

	1999 £	1998 £
Salaries	54,304	34,656
Benefits-in-kind	84	200
Pension contributions	9,319	5,382
<b>Total emoluments</b>	<u><u>63,707</u></u>	<u><u>40,238</u></u>

The above emoluments include amounts payable to the three staff who held, or acted in, the post of Principal during the year of:

	to 31.8.98 £	1.9.98 - 31.1.99 £	from 1.2.99 £	1998 £
Salaries	2,990	15,484	20,000	34,656
Benefits-in-kind	34	-	50	200
Pension contributions	899	2,195	3,880	5,382
<b>Total emoluments</b>	<u><u>3,923</u></u>	<u><u>17,679</u></u>	<u><u>23,930</u></u>	<u><u>40,238</u></u>

The Vice Principal who acted as Principal from 1.10.98 to 31.1.99 was the highest paid senior postholder during the year. His total emoluments for the year were a salary of £29,640 and pension contributions of £4,390. In addition to the emoluments above, he received £25,000 compensation for loss of office during the year.

Except as stated below, the members of the Corporation did not receive any payment from the College, other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

During the year no member (1998 - one member) of corporation taught part time as a lecturer at the College and received remuneration of £ nil (1998 - £ 2,542).

During the year to 31 July 1999 the Corporation effected insurance cover for the members and officers of the Corporation as permitted by section 310 of the Companies Act 1985.

The Principal received a pay increase of 3.5% in line with the general pay award.

#### Overseas activities

None of the members or senior postholders was involved in any overseas activity during the year ended 31 July 1999.

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 1999

### 9 TAXATION

The College has charitable status for taxation purposes and the members of the Corporation consider that all the activities of the College during the year fell within qualifying categories. Accordingly no provision for corporation tax is made in the accounts.

### 10 TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £	Building Improvements £	Computer Equip- ment £	Technical Equip- ment £	Furniture Fixtures and Other Equipment £	Total £
<b>Cost</b>						
At 1 August 1998	178,152	-	34,953	50,344	-	263,449
Additions	-	20,119	67,632	9,664	7,262	104,677
Disposals	-	-	(1,133)	-	-	(1,133)
At 31 July 1999	<u>178,152</u>	<u>20,119</u>	<u>101,452</u>	<u>60,008</u>	<u>7,262</u>	<u>366,993</u>
<b>Depreciation</b>						
At 1 August 1998	26,724	-	16,324	45,708	-	88,756
Charge for the year	8,908	2,012	26,685	5,288	1,210	44,103
Disposals	-	-	(567)	-	-	(567)
At 31 July 1999	<u>35,632</u>	<u>2,012</u>	<u>42,442</u>	<u>50,996</u>	<u>1,210</u>	<u>132,292</u>
<b>Net book value</b>						
At 31 July 1999	<u>142,520</u>	<u>18,107</u>	<u>59,010</u>	<u>9,012</u>	<u>6,052</u>	<u>234,701</u>
At 31 July 1998	<u>151,428</u>	<u>-</u>	<u>18,629</u>	<u>4,636</u>	<u>-</u>	<u>174,693</u>
<b>Analysis of 31 July 1999 net book value</b>						
Financed by capital grant	-	-	25,776	1,539	-	27,315
Other	142,520	18,107	33,234	7,473	6,052	207,386
	<u>142,520</u>	<u>18,107</u>	<u>59,010</u>	<u>9,012</u>	<u>6,052</u>	<u>234,701</u>

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 1999

### 11 FIXED ASSET INVESTMENTS

#### Listed securities at valuation

	UK Government £	Equities £	Total £
At 1 August 1998	1,410,705	2,907,532	4,318,237
Purchases at cost	316,359	558,707	875,066
Sales proceeds	(520,480)	(919,878)	(1,440,358)
Realised Gain/(loss) on sales	90,303	209,373	299,676
Change in unrealised gains	(55,296)	33,551	(21,745)
At 31 July 1999	<u>1,241,591</u>	<u>2,789,285</u>	<u>4,030,876</u>
<b>The original cost of assets included above at valuation is</b>			
At 31 July 1999	<u>1,117,123</u>	<u>1,809,558</u>	<u>2,926,681</u>
At 31 July 1998	<u>1,230,941</u>	<u>2,032,646</u>	<u>3,263,587</u>

Total net unrealised gains at 31 July 1999 amounted to £1,104,195 (1998 - £1,125,940)

### 12 DEBTORS

	1999 £	1998 £
<b>Amounts falling due within one year</b>		
Trade debtors	9,729	4,418
Income tax recoverable	-	2,026
Other debtors	3,287	3,198
Prepayments and accrued income	51,498	69,185
	<u>64,514</u>	<u>78,827</u>

### 13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 £	1998 £
Payments received on account	87,556	4,722
Trade creditors	48,346	11,691
Taxation and social security	6,724	11,959
Other creditors	46,059	63,727
Accruals and deferred income	17,488	4,017
	<u>206,173</u>	<u>96,116</u>

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 1999

### 14 PROVISIONS FOR LIABILITIES AND CHARGES

<b>Restructuring Provision</b>	£
At 1 August 1998	-
Transfers from income and expenditure account	1,500
At 31 July 1999	<u>1,500</u>

### 15 DEFERRED CAPITAL GRANTS

<b>Equipment</b>	<b>FEFC Grants £</b>	<b>Other Grants £</b>	<b>Total £</b>
At 1 August 1998	6,902	2,325	9,227
Cash received	31,363	-	31,363
Released to income and expenditure account	(11,535)	(1,740)	(13,275)
At 31 July 1999	<u>26,730</u>	<u>585</u>	<u>27,315</u>

### 16 FUNDS AND RESERVES

	<b>Capital Funds £</b>	<b>Restricted Funds £</b>	<b>Accumulated Funds £</b>	<b>Total £</b>
At 1 August 1998	4,861,831	56,872	145,873	5,064,576
Surplus on continuing operations after depreciation of assets and tax	-	-	(67,414)	(67,414)
Investment gains	274,863	3,626	-	278,489
At 31 July 1999	<u>5,136,694</u>	<u>60,498</u>	<u>78,459</u>	<u>5,275,651</u>

A full listing of the funds would require a statement of excessive length and accordingly the various funds have been grouped. Certain funds have been categorised as "capital" funds because they are regarded as forming part of the "capital" of the corporation. Some of the "restricted" funds are treated as such in deference to the wishes of the donors although legally they may be available for general purposes. Restricted funds may be categorised by purpose as follows:

	£
Prizes and awards	33,916
Library	18,554
Student welfare	8,028
	<u>60,498</u>

# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 1999

### 17 PENSION AND SIMILAR OBLIGATIONS

Certain of the College's employees are members of a defined benefit pension scheme operated by the Teachers' Pensions (TP). Other employees are members of a group personal pension scheme operated through the CGU.

The College's contributions to the TP scheme are based on the expected cost of pensions across the College as a whole and are charged to the income and expenditure account so as to spread the cost of pensions over the service lives of employees within the scheme. Contributions to the CGU scheme are a fixed percentage of employee salaries. The pension cost for the year ended 31 July 1999 charged to the income and expenditure account was £ 36,245 (1998 - £ 34,792 ), assessed in accordance with the advice of independent qualified actuaries using the projected unit method.

The TP scheme is an unfunded scheme where teachers' and employers' contributions are made on a pay-as-you-go basis and credited to the Exchequer under arrangements governed by the Superannuation Act 1972. Retirement and other superannuation benefits due to teachers are paid out of monies provided by Parliament.

The TP pension cost is assessed every five years by the Government Actuaries Department (GAD) using a prospective benefit valuation method. The latest actuarial value of the scheme related to the period to 1991. The cost of pensions increases is currently excluded from the valuation and neither employees nor employers contribute to this added value which is met directly by the Exchequer.

The scheme has been invested notionally in government securities. The following assumptions were made in carrying out the review:

Rate of interest as the return on investments	8.5%
Rate of increase in salaries	6.5%
Value of the assets at the date of valuation	£48,192 million

The value of assets was estimated as future contributions together with the proceeds from the notional investments held at the valuation date and represented 97.5% (a deficiency of £1,252 million) of the scheme's liabilities.

At Working Men's College, the employers' contribution rate has been set at 7.2% with effect from 1 February 1999.

The Department for Education and Employment issued a consultative document in respect of the scheme as a result of the GAD review and changes to the rules of the scheme were proposed and introduced in September 1997.

A credit will be added to the notional fund to reflect the cost of pensions increases arising from past service to 1 April 1991. An initial supplementary credit will be added to the fund equivalent to two thirds of the actuarial value for the period 1 April 1997 to 31 March 2006 of the difference between the contribution rates produced by the 1991 valuation carried out using the existing financing arrangements (which do not take account of pensions increase) and the amended arrangements (which do take account of pensions increase). An additional supplementary credit may be added to the fund as at 1 April 1996, depending on the average real rate of return between 1 April 1991 and 31 March 1996.

Employers' contributions will not be amended to reflect the effect of charging the cost of pensions increase to the fund until the results of the valuation for the period to 31 March 2001 are implemented (unlikely to be until 2003), when it is expected that the combination of credits to the fund and improved investment returns will make significant increases in the employers' contribution unlikely.



# WORKING MEN'S COLLEGE CORPORATION

## NOTES TO THE ACCOUNTS

for the year ended 31 July 1999

### 18 RECONCILIATION OF OPERATING SURPLUS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	1999 £	1998 £
Deficit on continuing operations after depreciation of assets and tax	(67,414)	(117,723)
Investment income receivable (note 6)	(203,732)	(226,891)
Depreciation (note 10)	44,103	29,089
Loss on disposal of fixed assets	566	-
Deferred capital grants released to income (note 15)	(13,275)	(9,933)
Interest receivable (note 6)	(39,521)	(34,274)
Decrease/(Increase) in debtors	14,313	(51,965)
Increase in creditors	110,058	29,013
Increase in provisions	1,500	-
<b>Net cash outflow from operating activities</b>	<b>(153,402)</b>	<b>(382,684)</b>

### 19 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 1998 £	Cashflows £	At 31 July 1999 £
Cash at bank and in hand	50,341	135,847	186,188
Cash held with Fund Managers	547,821	446,539	994,360
	<u>598,162</u>	<u>582,386</u>	<u>1,180,548</u>

### 20 FINANCIAL COMMITMENTS

#### Capital commitments

There were no capital commitments contracted or authorised at 31 July 1999 (1998 - none).

#### Operating lease commitments

At 31 July 1999 the College had annual commitments under non-cancellable operating leases, relating to equipment, as follows:

	£
Leases which expire:	
Within one year	-
Within two to five years inclusive	8,422
After five years	-
	<u>8,422</u>