

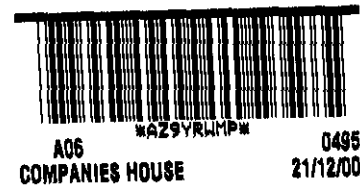
REGISTRAR OF COMPANIES

**WORKING MEN'S COLLEGE
CORPORATION**

**(a company limited by
guarantee and not having a
share capital)**

Report and Financial Statements

31 July 2000



WORKING MEN'S COLLEGE CORPORATION

REPORT AND FINANCIAL STATEMENTS 2000

CONTENTS

	Page
Officers and Professional Advisers	1
Report of the Governors of the Corporation	2
Responsibilities of the Governors of the Corporation	7
Corporate governance statement	9
Auditors' report	10
Income and expenditure account	12
Statement of total recognised gains and losses	12
Balance sheet	13
Cash flow statement	14
Principal accounting policies	15
Notes to the accounts	18

OFFICERS AND PROFESSIONAL ADVISERS

Governors

Baroness Whitaker (Chair)
Ian Bell
Hugh Deeney
Beverly Evans (Vice Chair)
Nigel Franklin
Satnam Gill (Principal)
Barbara Hughes
Michael Johns, CB
Michael Laschinger
Selwyn Midgen (Treasurer)
Michael Mockridge (Vice Chair)
Professor Tom Schuller (Vice Chair)
Ruth Silver, CBE (Vice Chair)
Graziella Spigarolo
Laily Thompson

Company Secretary

Michael Mockridge

Senior Post Holders

Satnam Gill – Principal
Chris Firmin – Director of Resources
Paula Whittle – Director of Curriculum

Bankers

National Westminster Bank plc
166 Camden High Street
London
NW1 0NW

Solicitors

Bates Wells and Braithwaite
138 Cheapside
London
EC2V 6BB

External Auditors

Buzzacott
12 New Fetter Lane
London
EC4A 1AG

Internal Auditors

BDO Stoy Hayward
Willoughby House
439 Richmond Road
Richmond
TW1 2HA

REPORT OF THE GOVERNORS OF THE CORPORATION

Year ended 31 July 2000

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. 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:

- A quality educational environment suitable for adults within a relatively small College community, in which all students can achieve their personal educational and training goals.
- An inclusive learning environment which removes the barriers to participation particularly for those who have failed to benefit from educational opportunities in the past and which enables students to maximise their potential;
- Ensuring that the pressing educational needs of the local population are met.
- Ensuring equality of opportunity by opening our offer to diverse communities and a building and programmes which promote access for all.

OBJECTIVES

We will 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 necessarily 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.
- A mixture of courses which bridge the artificial boundary between 'vocational' and 'non-vocational' education
- A team of staff who can deliver our aims
- A programme of building works to significantly improve access to the college and a better learning environment

REPORT OF THE GOVERNORS OF THE CORPORATION

Year ended 31 July 2000

OBJECTIVES (continued)

- Continuous improvements to the quality and range of provision through regular monitoring, evaluation and review.

Life long learning for "working people" remains our key strategic aim as the institution approaches its 150th year.

FUTURE DEVELOPMENTS

Our central themes for the foreseeable future will be:

- lifelong learning,
- widening participation,
- inclusive education
- raising standards.

This policy focus will determine our actions for the next few years and we will continuously review our strategy to meet the challenges.

We are about to enter a period of uncertainty in a highly competitive environment. The move from the FEFC regime to the Learning and Skills Council will bring changes and challenges in many areas including funding, planning, inspection and priorities. The merger of Kingsway and Westminster Colleges at the same time as non-Schedule 2 funding is made available to the FE sector generally will create a possibly formidable competitor. It is this wider context that makes our planning process very difficult this year and we will need to carry out a further planning exercise during 2001 when our inspection has been completed and we have a clearer idea of the funding and priorities of the LSC.

In the past we have been slow to respond to change and therefore faced harder challenges than others in the sector. We have now initiated a major programme of action to deal with our shortcomings and bring our provision up to the best standards in the designated institution sector. We feel confident that we can meet the challenges posed by the new environment.

Our student numbers and units

We estimated that the college needed to produce at least 60,000 units of activity to avoid an operating deficit and to be able to set up the systems and student support mechanisms required. We have now revised this upwards to 70-75,000 units following the departure of our tenants to make way for more daytime classes. The availability of all our accommodation now makes this level of activity possible.

We have been successful in bidding for growth and we expect to be allocated around 60,000 units of activity in 2000/01. This has allowed us to offer a daytime and evening programme, recruit full time teachers, increase the levels of student support, strengthen the management team and we believe we will be able to become a centre of excellence for basic education.

We are also exploring the development of joint programmes of activity with Birkbeck College. We have initiated closer links with the local Somali, Greek-Cypriot and Bengali communities and will be working closely with refugee organisations to develop our offer. We hope to be able to bring these on line during the year. Once we have opened our business training unit we will be developing links with the very many media companies that are locally based, offering specialist art and design skills to their employees. In this way we hope to be able to offer a wider range of courses geared to the very differing skills levels of the local community. We have reduced the number of A Level courses that we offer, concentrating on those where we have particular expertise.

REPORT OF THE GOVERNORS OF THE CORPORATION

Year ended 31 July 2000

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.

STUDENT NUMBERS AND ACHIEVEMENTS

Further education colleges are funded according to the units of activities they generate each year. As a designated institution, the Working Men's College receives funding for the delivery of both Schedule 2 and Non-Schedule 2 provision. For 1999/2000 the College has achieved an estimated 40,000 units against a total allocation of approximately 34,000 units. The new management team has actively promoted and marketed the College, adapting the curriculum to local needs. The success of this strategy is borne out by this resulting volume of delivery which represents an increase in units of around 40% over the previous year, and is the first time that the College has exceeded its funding target for several years.

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 Committee, Remuneration 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 and Remuneration Committees meet 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 College.

The Governors receive no remuneration for their services, but are entitled to claim out of pocket expenses. In the year to 31 July 2000 out of pocket expenses to Governors totalled £nil (1999 - £nil).

WORKING MEN'S COLLEGE CORPORATION

REPORT OF THE GOVERNORS OF THE CORPORATION

Year ended 31 July 2000

FINANCES

The College generated an operating deficit of £118,199, for the year to 31 July 2000 (1999 - £66,857). In addition there were realised gains resulting from the management of the College's investment portfolio of £9,881 (1999 - £299,676) and an unrealised loss of £16,892 (1999 - loss £21,745). The College has for many years generated operating deficits and been dependent on the gains from the investment portfolio to cover the deficit. In the main, this is a consequence of the low volume of activity combined with a funded average level of funding per unit (ALF) until 1997/98 of under £7. With the advent of FEFC convergence, the ALF increased in 1998/99 to £16.00 and to £16.20 in 1999/2000 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.

EQUIPMENT

The FEFC's capital equipment allocation for the year was £6,045. In addition the College invested some £24,020 of its own resources in capital expenditure. The total capital equipment programme therefore showed a spend of £30,065.

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. This amount includes some capital works, for example the provision of disabled access to the building and construction of a lift to provide access to all floors. No significant long term maintenance project was undertaken during 1999/00 pending a major refurbishment over the summer vacation, but it is expected that the full annual complements of work will be completed in future years.

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 is 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

Year ended 31 July 2000

STAFF AND STUDENT INVOLVEMENT

The College considers good communication with staff and students to be of paramount importance.

The Corporation includes a staff member and a student observer. Changes to the company's Articles have now been made by the Corporation which have increased the 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 approximately 85% 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	FR(Ch) S(Ch)
Ian Bell	Staff	22 Mar 2000		3 years	
Hugh Deeney	Staff	22 Mar 2000		3 years	
Beverley Evans (Vice Chair)	Appointed	13 July 1999		3 years	A(Ch)
Nigel Franklin	Appointed	8 Dec 1999		3 years	A
Satnam Gill	Principal	19 Oct 1999		3 years	FPS
Barbara Hughes	Appointed	8 Dec 1999		3 years	
Alan Humfress	Appointed	10 Dec 1997	8 Dec 1999		H
Michael Johns	Appointed	9 Dec 1998		3 years	F
Michael Laschinger	Appointed	9 Dec 1998		3 years	A
Lord McIntosh of Haringey	Appointed	9 Dec 1998	31 May 2000	3 years	
Selwyn Midgen (Treasurer)	Appointed	8 Dec 1999		3 years	F(Ch) PS
Michael Mockridge (Vice Chair)	Appointed	8 Dec 1999		3 years	FP(Ch) RS
Professor Tom Schuller (Vice Chair)	Appointed	13 Apr 1999		3 years	P
Ruth Silver (Vice Chair)	Appointed	8 Dec 1999		3 years	Q(Ch) RS
Graziella Spigarolo	Student	22 Mar 2000		1 year	H
Laily Thompson	Appointed	13 July 1999		3 years	F

Key to committees:

(Ch) - committee chair

A = Audit

F = Finance

H = Health & Safety

P = Personnel

Q = Quality

R = Remuneration

S = Search

In addition to the above, Mr Philip Badman was a co-opted member of Audit Committee until 6 December 1999, Mr Paul Fox was co-opted on the Audit Committee during July 2000 and Ms Simone Hensby is a co-opted member of Search Committee. Ms Marie Rhodes, a former Governor and a co-opted member of the Audit Committee, resigned from the Audit Committee in September 2000.

Ms Sandra Fishley is engaged part-time as Clerk to the Corporation.

Chair

13 December 2000

RESPONSIBILITIES OF THE GOVERNORS OF THE CORPORATION

Under the Companies Act 1985 and the Charities Act 1993, the Governing Body is responsible for the administration and management of the College's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

The Governing Body is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable it to ensure that the financial statements are prepared in accordance with the Companies Act, the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions and other relevant accounting standards. In addition, 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 Accounting 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 and cashflows for that year.

In causing the financial statements to be prepared, the Governing Body has ensured that:

- suitable accounting policies are selected and then applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to assume the College will continue in operation. The Governing Body is satisfied that it has adequate resources to continue in operation for the foreseeable future; for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Governing Body has taken reasonable steps to:

- ensure that funds from the Further Education Funding Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the College and prevent and detect fraud;
- secure the economical, efficient and effective management of the College's resources and expenditure.

The key elements of the College's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- a medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of key performance indicators and business risks and termly reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to appraisal and review according to approval levels set by the Governing Body;

RESPONSIBILITIES OF THE GOVERNORS OF THE CORPORATION

- Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and Finance Committee;
- a professional Internal Audit team whose annual programme is approved by the Audit Committee and endorsed by the Governing Body and whose head provides the Governing Body with a report on internal audit activity within the College and an opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.



Chair

13 December 2000

CORPORATE GOVERNANCE STATEMENT OF THE SYSTEM OF INTERNAL FINANCIAL 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 Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in June 1998. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

Throughout the year ended 31 July 2000, the College has been in compliance with all the Code provisions set out in Section 1 of the Combined Code on Corporate Governance insofar as they relate to colleges.

The College's Governing Body comprises lay members, students and employees appointed under the College's Articles of Association. The roles of Chair and Vice Chairs of the Governing Body are separated from the role of the College's Chief Executive, the Principal, although the Principal is a Governor. Matters specially reserved for the Governing Body are set out in the Financial Memorandum with the Further Education Funding Council. The Governing Body holds to itself the responsibilities for the ongoing strategic direction of the College, approval of major developments and the receipt of regular reports from Executive Officers on the day to day operations of its business.

The Governing Body meets four times per year and has several committees, including Personnel Committee, Finance Committee, Audit Committee, Remuneration Committee, Search Committee, Health and Safety Committee and Quality Committee. All of these committees are formally constituted with terms of reference and, with the exception of the Principal, are comprised of lay members of the Governing Body. The Audit and Search Committees additionally have co-opted members to offer particular skills to those committees.


The Finance Committee, inter alia, recommends to the full Governing Body the College's annual budget and annual accounts for approval. It also monitors performance against budget and forecasts throughout the year.

The Search Committee considers potential candidates and co-optees to fill vacancies on the Governing Body and makes formal recommendations for their appointment.

The Remuneration Committee determines the remuneration of designated senior postholders including the Principal. Other staffing matters are dealt with by the Personnel Committee.

The Audit Committee meets at least termly with the internal and external auditors in attendance as appropriate. It considers detailed reports together with recommendations for the improvement of the College's systems of internal control and management's responses and implementation plans. Whilst the Principal and senior College managers attend meetings of the Audit Committee as necessary, they are not members of the Committee and once a year the Committee meets with each of the external and internal audit providers on their own for independent discussions.

The full Governing Body and all the committees are serviced by the Clerk to the Governors who is independent of other college staff.


Principal

13 December 2000

AUDITORS' REPORT TO THE GOVERNORS OF THE CORPORATION OF WORKING MEN'S COLLEGE

We have audited the financial statements on pages 12 to 28 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 15 to 17.

Respective responsibilities of the Governors of the Corporation and Auditors

The College's Governing Body is responsible for preparing the financial statements. Our responsibilities as independent auditors are established by statute, the Auditing Practices Board, the Further Education Funding Council and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are in accordance with the Statement of Recommended Practice on Accounting for Further and Higher Education Institutions as well as with the Companies Act 1985. We also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the College have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Further Education Funding Council.

Basis of our Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board and the Audit Code of Practice issued by the Further Education Funding Council. 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

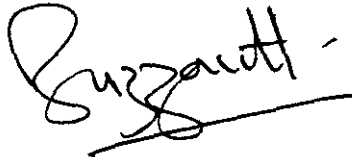
In our opinion:

- the financial statements give a true and fair view of the state of affairs of the College as at 31 July 2000 and of its deficit of income over expenditure and its cashflows for the year then ended and have been properly prepared in accordance with the Companies Act 1985;
- income from the Further Education Funding Council, grants and income for specific purposes and from other restricted funds administered by the College have been properly applied for the intended purposes for which they were received and, where relevant, managed in accordance with appropriate legislation for the year ended 31 July 2000;

**AUDITORS' REPORT TO THE GOVERNORS OF THE CORPORATION OF WORKING
MEN'S COLLEGE**

Opinion (continued)

- income has been applied in accordance with the College's Memorandum and Articles of Association and, where appropriate, with the Financial Memorandum with the Further Education Funding Council.



Buzzacott
Chartered Accountants and Registered Auditors
12 New Fetter Lane
London
EC4A 1AG

13 December 2000

WORKING MEN'S COLLEGE CORPORATION

INCOME AND EXPENDITURE ACCOUNT

Year ended 31 July 2000

	Notes	2000 £	2000 £	Restated	
				1999 £	1999 £
Income					
FEFC grants	1		679,633		546,316
Tuition fees and education contracts	2		129,499		121,639
Other income	3		92,701		118,768
Endowment and investment income	4		237,107		243,810
			<u>1,138,940</u>		<u>1,030,533</u>
Expenditure					
Staff costs	5	778,684		648,770	
Other operating expenses	5	433,673		404,517	
Depreciation	8	<u>44,782</u>		<u>44,103</u>	
			<u>1,257,139</u>		<u>1,097,390</u>
Deficit on continuing operations after depreciation of tangible fixed assets but before tax					
				(118,199)	(66,857)
Taxation	7		<u>-</u>	<u>-</u>	<u>-</u>
Deficit on continuing operations after depreciation of assets and tax					
			<u>(118,199)</u>	<u>(66,857)</u>	

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

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

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 July 2000

		2000 £	Restated 1999 £
Deficit on continuing operations after depreciation of assets and tax		(118,199)	(66,857)
Realised gains on disposal of investments	9	9,881	299,676
Unrealised losses on listed and endowment investments	9	(16,892)	(21,745)
Total recognised (losses) gains relating to the year, transferred to reserves		<u>(125,210)</u>	<u>211,074</u>

WORKING MEN'S COLLEGE CORPORATION

BALANCE SHEET

At 31 July 2000

	Notes	2000 £	2000 £	Restated	
				1999 £	1999 £
FIXED ASSETS					
Tangible assets	8		219,984		234,701
Investments	9		3,346,724		2,996,817
			<u>3,566,708</u>		<u>3,231,518</u>
ENDOWMENT ASSETS	10		1,033,178		1,034,059
CURRENT ASSETS					
Debtors	11	49,951		64,514	
Investments		613,550		994,360	
Cash at bank and in hand		183,066		186,188	
		<u>846,567</u>		<u>1,245,062</u>	
CREDITORS: amounts falling due within one year	12	<u>275,399</u>		<u>206,173</u>	
			<u>571,168</u>		<u>1,038,889</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,171,054		5,304,466
PROVISIONS FOR LIABILITIES AND CHARGES	13		-		1,500
NET ASSETS			<u>5,171,054</u>		<u>5,302,966</u>
DEFERRED CAPITAL GRANTS	14		20,613		27,315
ENDOWMENTS					
Specific	15	136,244		135,559	
General	15	<u>896,934</u>		<u>898,500</u>	
			1,033,178		1,034,059
RESERVES					
Restricted funds	16	1,618,902		1,621,430	
Unrestricted funds	16	<u>2,498,361</u>		<u>2,620,162</u>	
			<u>4,117,263</u>		<u>4,241,592</u>
			<u>5,171,054</u>		<u>5,302,966</u>

The financial statements on pages 12 to 28 were approved by the Corporation on 13 December 2000 and were signed on its behalf by:



Chairman



Principal

WORKING MEN'S COLLEGE CORPORATION

CASH FLOW STATEMENT

Year ended 31 July 2000

	Notes	2000 £	2000 £	1999 £	1999 £
Cash outflow from operating activities	18		(240,101)		(153,402)
Returns on investments and servicing of finance					
Income from investments		196,450		203,732	
Other interest received		<u>40,657</u>		<u>39,816</u>	
			237,107		243,548
Capital expenditure and financial investment					
Proceeds of sales of fixed asset investments	9	440,475		685,512	
Payments to acquire fixed asset investments	9	(797,393)		(491,228)	
Payments to acquire tangible fixed assets	8	(30,065)		(14,545)	
Deferred capital grants received	14	<u>6,045</u>		<u>-</u>	
			(380,938)		179,739
(Decrease) increase in cash in the year	19		<u>(383,932)</u>		<u>269,885</u>

Reconciliation of net cashflow to movement in net funds/debt

Movement in net funds in the year as reported above	(383,931)
Net funds at 1 August 1999	<u>1,180,548</u>
Net funds at 31 July 2000	<u>796,617</u>

PRINCIPAL ACCOUNTING POLICIES

Year ended 31 July 2000

Basis of preparation

These financial statements are prepared in accordance with the Further Education Funding Council's circular 00/22, in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education Institutions and in accordance with applicable Accounting Standards. The specialised Further Education Funding Council 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.

The disclosure of endowment investments on the face of the balance sheet in line with the requirements of the FEFC represents a departure from the Companies Act 1985 balance sheet format.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention, modified by the revaluation of fixed asset investments, and applicable accounting standards.

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

Donations, other than for capital expenditure or to capital funds, are recognised as income when received.

Income from specific endowments and donations is included to the extent of the relevant expenditure incurred during the year, together with any related contributions to overhead costs.

Recurrent grants from the Further Education Funding Council are recognised in the period in which they are receivable.

Non-recurrent grants from the Further Education Funding Council 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.

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. Variations from regular costs are spread over the expected average remaining working lifetime of members of the schemes after making allowances for further withdrawals. The contributions are determined by qualified actuaries on the basis of quinquennial 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.

PRINCIPAL ACCOUNTING POLICIES

Year ended 31 July 2000

Tangible fixed assets

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.

Tangible fixed assets are depreciated over their useful economic lives, on a straight line basis, as follows:

- Freehold buildings - 5% per year
- Building improvements - 10% per year
- Technical equipment - 25% per year
- Computer hardware - 25% per year
- Computer software - 33¹/₃% per year
- Furniture, fixtures and fittings - 16²/₃% per year

Freehold land is not depreciated.

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

Leased assets

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

Investments

Fixed Asset Investments and Endowment Assets are listed investments on a recognised stock exchange and are included in the balance sheet at market value.

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.

Maintenance of premises

The cost of long term and 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.

PRINCIPAL ACCOUNTING POLICIES

Year ended 31 July 2000

Taxation

As a registered charity, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Income and Corporation Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The College 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.

NOTES TO THE ACCOUNTS

Year ended 31 July 2000

1. FURTHER EDUCATION FUNDING COUNCIL GRANTS

	2000 £	1999 £
Recurrent grant (1999 – net of clawback)	609,968	520,912
Basic Skills Summer Schools	20,079	12,790
IT for students with disabilities	-	1,079
Standards fund	35,629	-
ILT provision	1,795	-
Released of deferred capital grants (note 14)	12,162	11,535
	<u>679,633</u>	<u>546,316</u>

2. TUITION FEES AND EDUCATION CONTRACTS

	2000 £	1999 £
UK further education students	122,179	117,581
European Union (excluding UK) students	424	398
Non-European Union students	3,896	3,660
Total fees paid by or on behalf of individual students	<u>126,499</u>	<u>121,639</u>
Education contracts	3,000	-
	<u>129,499</u>	<u>121,639</u>

3. OTHER INCOME

	2000 £	1999 £
Rental income	90,557	102,604
Releases of non-FEFC deferred capital grants (note 14)	585	1,740
Other grant income	-	4,017
Other income	1,559	10,407
	<u>92,701</u>	<u>118,768</u>

NOTES TO THE ACCOUNTS

Year ended 31 July 2000

4. ENDOWMENT AND INVESTMENT INCOME

	2000 £	1999 £
Dividends and interest on listed and endowment investments	196,450	203,509
Underwriting commission	-	780
Bank interest	40,657	39,521
	<u>237,107</u>	<u>243,810</u>

5. STAFF COSTS AND OTHER OPERATING EXPENSES

	Other operating expenses		Staff costs	
	2000 £	1999 £	2000 £	1999 £
Teaching departments	32,403	19,257	337,967	244,689
Teaching support services	15,787	9,049	69,306	67,478
Administration and central services	241,963	215,549	303,612	213,998
General education expenditure	-	-	4,175	10,161
Premises	117,865	141,531	38,342	62,944
Other	25,655	19,131	-	-
Staff restructuring	-	-	25,282	49,500
	<u>433,673</u>	<u>404,517</u>	<u>778,684</u>	<u>648,770</u>

The total staff costs split by cost category, were:

	2000 £	1999 £
Wages and salaries	696,740	527,839
Social security costs	40,244	35,187
Other pension costs	16,418	36,244
Restructuring costs	25,282	49,500
	<u>778,684</u>	<u>648,770</u>

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

	2000 £	1999 £
Employment costs for staff on permanent contracts	535,081	413,988
Employment costs for staff on short-term and temporary contracts	218,321	185,282
Staff restructuring	25,282	49,500
	<u>778,684</u>	<u>648,770</u>

NOTES TO THE ACCOUNTS

Year ended 31 July 2000

6. EMOLUMENTS OF SENIOR POSTHOLDERS AND MEMBERS

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

	2000 Number	1999 Number
The number of senior postholders including the principal was:	<u>3</u>	<u>3</u>

During 1999 three different people held the post of Principal.

Senior postholders' emoluments are made up as follows:

	2000 £	1999 £
Salaries	117,150	54,304
Benefits in kind	4,260	84
Pension contributions	<u>4,017</u>	<u>9,319</u>
Total emoluments	<u>125,427</u>	<u>63,707</u>

The above emoluments include amounts payable to the Principal (the comparative figures reflect the three staff who held, or acted in, the post of Principal during that year) of:

	2000 £	1999 £
Salaries	47,375	38,474
Benefits in kind	472	84
Pension contributions	<u>520</u>	<u>6,974</u>
Total emoluments	<u>48,367</u>	<u>45,532</u>

In the current year the Principal was the highest paid senior postholder. During 1999 the Vice Principal who acted as Principal from 1 February 1998 to 31 January 1999 was the highest paid senior postholder. 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 or reimbursement of expenses (1999 - £nil).

Other than the Staff Governors, during the year one Governor (1999 - one Governor) of the Corporation taught part time as a volunteer lecturer at the College and received remuneration of £nil (1999 - £nil).

During the current and previous years the Corporation effected insurance cover for the Governors and officers of the Corporation as permitted by section 310 of the Companies Act 1985. The amount paid for such cover is included within the College's general insurance cover and hence, no separate cost is identified for this.

The Principal received no pay increase during the year, in line with the decision of the Corporation to make no pay award to other staff.

NOTES TO THE ACCOUNTS

Year ended 31 July 2000

6. EMOLUMENTS OF SENIOR POSTHOLDERS AND MEMBERS (continued)

Overseas activities

None of the Governors or senior postholders was involved in any overseas activity during the year ended 31 July 2000 (1999 - none).

7. TAXATION

The College has charitable status for taxation purposes and the Governors 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.

8. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Building improve- ments £	Computer equipment £	Technical equipment £	Furniture, fixtures and other equipment £	Total £
Cost or valuation						
At 1 August 1999	178,152	20,119	101,452	60,008	7,262	366,993
Additions	-	2,277	3,007	9,881	14,900	30,065
At 31 July 2000	178,152	22,396	104,459	69,889	22,162	397,058
Accumulated depreciation						
At 1 August 1999	35,632	2,012	42,442	50,996	1,210	132,292
Charge for the year	8,908	2,240	23,688	6,252	3,694	44,782
At 31 July 2000	44,540	4,252	66,130	57,248	4,904	177,074
Net book value						
At 31 July 2000	133,612	18,144	38,329	12,641	17,258	219,984
At 31 July 1999	142,520	18,107	59,010	9,012	6,052	234,701

Analysis of 31 July 2000 net book value

Financed by capital grant	-	-	-	-	-	-
Other	133,612	18,144	38,329	12,641	17,258	219,984
	133,612	18,144	38,329	12,641	17,258	219,984

NOTES TO THE ACCOUNTS

Year ended 31 July 2000

9. FIXED ASSET INVESTMENTS

Listed securities at valuation

	Fixed interest UK govt stocks £	Equities £	Total £
At 1 August 1999	207,532	2,789,285	2,996,817
Additions	195,917	601,476	797,393
Disposal proceeds	-	(440,475)	(440,475)
Realised gains on disposal of investments	-	9,881	9,881
Unrealised (losses) gains	(19,368)	2,476	(16,892)
At 31 July 2000	<u>384,081</u>	<u>2,962,643</u>	<u>3,346,724</u>

The original cost of assets included above at valuation is:

At 31 July 2000	<u>382,644</u>	<u>1,980,355</u>	<u>2,362,999</u>
At 31 July 1999	<u>186,727</u>	<u>1,809,558</u>	<u>1,996,285</u>

The net unrealised gains at 31 July 2000 amounted to £983,725 (1999 - £1,000,532).

10. ENDOWMENT ASSETS

	Total £
At 1 August 1999 as reclassified	1,034,059
Unrealised losses in year	(1,566)
Investment income	685
At 31 July 2000	<u>1,033,178</u>
Represented by:	
Fixed interest stocks (listed)	<u>1,033,178</u>

The original cost of assets included above at valuation is

At 31 July 2000 and 31 July 1999	<u>930,396</u>
----------------------------------	----------------

The net unrealised gains at 31 July 2000 amounted £102,782 (1999 - £103,663).

NOTES TO THE ACCOUNTS

Year ended 31 July 2000

11. DEBTORS

	2000	1999
	£	£
Amounts falling due within one year:		
Trade debtors	1,363	9,729
Other debtors	29,960	3,287
Prepayments and accrued income	18,628	51,498
	<u>49,951</u>	<u>64,514</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000	1999
	£	£
Payments received on account	131,344	87,556
Trade creditors	55,149	48,346
Taxation and social security	18,247	6,724
Other creditors	28,437	46,059
Accruals and deferred income	42,222	17,488
	<u>275,399</u>	<u>206,173</u>

13. PROVISIONS FOR LIABILITIES AND CHARGES

	£
Restructuring provision	
At 1 August 1999	1,500
Transfers from income and expenditure account	(1,500)
At 31 July 2000	<u>-</u>

14. DEFERRED CAPITAL GRANTS

	FEFC grants £	Other grants £	Total £
Equipment			
At 1 August 1999	26,730	585	27,315
Cash received	6,045	-	6,045
Released to income and expenditure account	(12,162)	(585)	(12,747)
At 31 July 2000	<u>20,613</u>	<u>-</u>	<u>20,613</u>

WORKING MEN'S COLLEGE CORPORATION

NOTES TO THE ACCOUNTS

Year ended 31 July 2000

15. ENDOWMENT FUNDS

	Specific £	General £	Total £
At 1 August 1999	135,559	898,500	1,034,059
Unrealised losses in year on endowment asset investments	-	(1,566)	(1,566)
Income for year	685	-	685
At 31 July 2000	136,244	896,934	1,033,178
Representing:			
Prize funds	43,112	-	43,112
Library funds	70,565	-	70,565
Other funds	22,567	896,934	919,501
	136,244	896,934	1,033,178

Prior year adjustment

Following liaison between the College and the Charity Commission, the brought forward balances at 1 August 1998 have been recategorised. The effect of this recategorisation has been to reduce the endowment funds balance brought forward at 1 August 1999 from £5,136,694 to £1,034,059 and to increase restricted reserve balances by £1,560,932 and unrestricted reserves by £2,541,703. In addition, endowment assets amounting to £1,034,059 are now included within the balance sheet at 31 July 1999 and the value of listed investments has decreased by a corresponding amount.

16. MOVEMENT ON RESERVES

	Restricted reserves £	Unrestricted reserves £	Total £
At 1 August 1999	1,621,430	2,620,162	4,241,592
Movement on income and expenditure account after depreciation and tax.	-	(117,318)	(117,318)
Realised gains on disposal of investments	-	9,881	9,881
Unrealised losses on listed and endowment investments	(2,528)	(14,364)	(16,892)
At 31 July 2000	1,618,902	2,498,361	4,117,263

The restricted reserves represent monies raised for, and their use restricted to, a specific purpose, or legacies or donations subject to testator or donor imposed conditions.

NOTES TO THE ACCOUNTS

Year ended 31 July 2000

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 CGNU.

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 2000 charged to the income and expenditure account was £16,418, (1999 - £36,245), 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 31 March 1996. 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	£61,710 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 94% 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.

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.

NOTES TO THE ACCOUNTS

Year ended 31 July 2000

18. RECONCILIATION OF OPERATING DEFICIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2000 £	1999 £
Deficit on continuing operations after depreciation of assets and tax	(118,199)	(67,414)
Investment income receivable (note 4)	(196,450)	(203,732)
Depreciation (note 8)	44,782	44,103
Loss on disposal of fixed assets	-	566
Deferred capital grants released to income (note 14)	(12,747)	(13,275)
Interest receivable (note 4)	(40,657)	(39,521)
Decrease in debtors	14,563	14,313
Increase in creditors	69,226	110,058
(Decrease) increase in provisions	(1,500)	1,500
Movements on endowment funds	881	-
	<u>(240,101)</u>	<u>(153,402)</u>

19. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 1999 £	Cashflow £	At 31 July 2000 £
Cash at bank and in hand	186,188	(3,122)	183,066
Cash held with Fund Managers	994,360	(380,810)	613,550
TOTAL	<u>1,180,548</u>	<u>(383,932)</u>	<u>796,616</u>

NOTES TO THE ACCOUNTS

Year ended 31 July 2000

20. FINANCIAL COMMITMENTS

Capital commitments

Authorised but not contracted

At the Corporation meeting of 12 July 2000 the governors approved a programme of refurbishment and upgrade of the College buildings at a cost of up to £500,000. Some of the work would be capital expenditure, but maintenance work would be classified as revenue expenditure. At 31 July 2000, tenders had been returned, but contracts for the work were not signed until August 2000.

Operating lease commitments

At 31 July 2000 the College had annual commitments under non-cancellable operating leases, relating to equipment, as follows:

	2000 £	1999 £
Leases which expire:		
Within one year	-	-
Within two and five years inclusive	2,627	8,422
After five years	-	-
	<u>2,627</u>	<u>8,422</u>

21. ACCESS FUND

	2000 £	1999 £
Further Education Funding Council grant	8,608	2,520
Interest earned	-	-
	<u>8,608</u>	<u>2,520</u>
Disbursed to students	(76)	-
Balance unspent at 31 July 2000, returned to Further Education Funding Council	<u>8,532</u>	<u>2,520</u>

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

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 99/27. The funds not fully utilised for their designated purpose prior to the balance sheet date were returned to the Further Education Funding Council in the new year.