

**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 2003**



Company Registration Number (England and Wales): 8894
Charity Registration Number: 312803

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**Corporation's Report for
the year ended 31 July 2003**

The Board of Governors

The Board of Governors, who are directors for the purposes of the Companies Act and trustees for the purposes of the Charities Act, hereinafter referred to as the Corporation, present their Annual report and accounts of the Working Men's College Corporation (the College) for the year ended 31 July 2003.

Legal Status

1. 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 Learning and Skills 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

2. To be a learner-centred college dedicated to widening access to education for all that will provide opportunities for lifelong learning for the diverse range of London adults who may not be able to study full time, particularly those who have missed out on their initial education.

Objectives

3. The College is committed to:
 - A high quality educational environment suitable for adults within a relatively small college community, in which all learners 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 will enable learners to maximise their potential.
 - Ensuring that the basic educational needs of the local population are met.
 - Ensuring equality of opportunity by opening our offer to the diverse communities with programmes that promote access for all.
 - Work towards partnership arrangements with other colleges and other providers that recognise the culture and the history of our organisation and the diversity of our communities.

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Objectives

- Provide an education of the highest quality, rigour and standards.
- Offer access to basic education, ICT skills and lifelong learning through the use of ILT to enhance and diversify the learning experience of our students, using multiple modes of delivery.
- Offer courses that allow people to enhance their skills and understanding, with external accreditation where appropriate.
- Offer areas of study that are not widely available locally.
- Offer a mixture of courses that allow students to combine 'vocational' and 'non-vocational' elements.
- Promote equality of opportunity, openness, freedom of expression and social responsibility.
- Value and respect our learners and staff.
- Involve learners and staff in the decision-making processes of the College.
- Develop a multi-ethnic multi skilled staff team that delivers effective and efficient learning.

Lifelong learning and improving employability skills remain the key strategic aims as the institution enters its 150th year and beyond. The College Development Plan agreed during this reporting period is an attempt to respond to the hectic pace of change in the sector and tackle weaknesses in the organisation that prevent us from responding positively and decisively.

College strengths include:

- A long history of providing opportunities for skill improvement and lifelong learning.
- Willingness to work collaboratively with other colleges and education providers.
- Strong links with communities in the area.
- Strong commitment to the College from learners, staff and governors.
- A clear and transparent structure for governance.
- Ability to offer a coherent curriculum that can integrate Section 96 and 97 (formerly Schedule 2) and "Other Provision" (formerly Non-Schedule 2) provision, and which can respond to the widening participation agenda.
- A growing proportion of staff with teaching qualifications, and many with recognised achievements in specialist areas particularly in the visual arts.
- Impressive growth in student numbers particularly in basic education and IT.

Performance Indicators

4. Performance indicators relating to key areas of the college's activity are set out in the Learning and Skill's (LSC's) publication *Summary Statistics for Further*

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Education Institutions: England 1999/2000. 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; and
 - Contribution to national targets.
- **Achievement in funding target;**

The College achieved its funding target and was in a position to draw down additional responsive growth funding during the year.
 - **Percentage change in student numbers;**

Our students numbers have increased from a base of 2,000 to around 3,700 between 1999-2000 and 2002-03; an increase of nearly 85% over a three year period.
 - **In-year retention rates;**

The retention rate aggregated for all courses was 89%.
 - **Achievement rates;**

The achievement rate aggregated for all courses was 77%.
 - **Contribution to national targets;**
 - a) To raise achievement of young people aged 19, measured by the proportion attaining a Level 2 qualification, and to reduce the proportion lacking the basic skills of literacy and numeracy.

The College does not actively recruit students in the 16~19 age group, however, targets for students aged 16~19 are a modest part of our overall targets for growth.
 - b) To raise achievement of young people aged 21, measured by the proportion attaining a Level 3 qualification, and to reduce the proportion lacking the basic skills of literacy and numeracy (current performance: 53.7% to Level 3, an estimated 15% lacking basic skills).

See comments under point (c) below.
 - c) To raise achievement of the entire adult population, measured by the proportion attaining a Level 3 qualification, and to reduce the proportion lacking the basic skills of literacy and numeracy (current performance: 47.2% to Level 3, an estimated 20% lacking basic skills).

This is the core of College provision. The College is committed to growth above the national rate in Basic Education provision over the current planning period. Since 1999 the College has grown by 150% and the bulk of the growth has been in basic IT and Basic Education provision. The College will continue to develop the Level 3 offer to enable students to progress from Entry, Level 1 and Level 2 courses.

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- d) To raise post-16 participation measured by the proportion of 16-18 year olds engaged in education and training (current performance: 75% of 16-18 year olds).

See comments under point (a) above; this is not central to College activities.

- e) To raise the quality and effectiveness of the education and training we support, measured by external inspection grades and by structured feedback from learners, employers and training providers (baseline data to be developed).

The College is committed to improving the quality of its provision. Towards this end, we have established a Quality and Standards Committee within the Corporation structure. The College has set retention and achievement targets since 2000. The College continues to develop partnerships with other providers which help to improve the management and quality of provision

- Average level of funding.

The LSC main funding for the year was planned at £1,808,639. This was supplemented by responsive growth funding of £184,560, making a total of £1,993,199.

Section 96/97 - Formerly Schedule 2		FTE	Funding	Responsive Growth
	16-19 P/T	10		
	Funding 16-19		£26,000	£24,000
	Basic Skill	286		
	19+ FT ex BS	33		
	19+ PT ex BS	118		
	Funding 19+		£1,304,021	£160,560
	Add Spt		£20,000	
	Total	447	£1,350,021	£184,560

Average level of funding per FTE = £3,020

Other Provision - Formerly Non Schedule 2		FTE	Funding
	16-19 P/T	4	
	16-19 FT	1	
	Funding 16-19		£14,915
	19+ FT	1	
	19+ PT	169	
	Funding 19+		£433,289
	Add Spt		£10,414
	Total	175	£458,618

Average level of funding per FTE = £2,621

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Student Numbers FTEs

5. Further education colleges are funded for enrolments on courses, which are aggregated into full-time equivalents (FTEs). As a specially designated institution, The Working Men's College received funding for the delivery of both formerly "Schedule 2" now Section 96/97 and formerly "Non-Schedule 2" provision, now Other Provision under the Learning and Skills Act. For 2002/2003 the College has achieved an estimated 677 FTEs against a target of 622 FTEs.

The management team has promoted and marketed the College, adapting the curriculum to local needs. The resulting volume of delivery represents an increase of 18% from 2001/02.

Management

6. The review of the College's management structure was completed for September 2002. The new programme areas are:

Foundation Education and Training (ESOL and Basic Skills).
Community Education and Training. (Visual & Performing Arts, Vocational Education)
Information and Communication Technology

Each area has a Programme Manager supported by a Deputy Programme Manager. TPI funds have been used to increase the number of fractional staff and to create additional management positions with an overall aim of improving curriculum delivery and internal communication.

In September 2001 the College introduced its first full-time Level 3 course, Access to Higher Education in Visual Arts course. This has now expanded to encompass full and part-time students, and another stream in Design.

The Management Information System and student data administration have been strengthened and the staffing increased.

The College is in regular contact with the LSC, the LEA, Kings Cross Development Forum, the Camden Central Community Umbrella, the London Development Agency, local schools, local employers, community groups and the Learning Partnership, and uses these contacts to review its curriculum offer.

Resources

7. The objectives of the original accommodation strategy have been completed and a major refurbishment of the building was completed in late 2001. Subsequently works have been on a more modest scale. The reception provision has been upgraded and re-structured to improve learner access. Two further rooms have been refurbished and made available as general teaching areas, and the photographic dark room expanded so that larger groups can be accommodated. During the year a number of stairlifts were added to the original two, and induction loops were introduced into 5 areas of the college.

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The Accommodation Strategy is to be reviewed in 2003/04.

Student Support

8. The facilities have been expanded and improved. The Centre for Student Affairs has been re-structured to improve the service to students and a new mission statement has been agreed. Library provision has been integrated with the Centre for Student Affairs. Key information is translated into five community languages and available in the Learning Centre.

Equality of Opportunity.

9. The College Policy on Equal Opportunities has been revised to meet the requirements of the Race Relations Amendment Act. Monitoring systems have been introduced and performance targets identified. The College has established an Equality Forum to progress this work. During the year a systematic programme of staff development was conducted in this area.

Quality Assurance

10. Course review and evaluation procedures have been reviewed and brought in line with the Common Inspection Framework requirements. The classroom observation process has been further strengthened.

The College built on the previous year's progress in strengthening the Internal Verifier (IV) system; and a proportion of Teachers Pay Initiative (TPI) funds were used to support this activity.

The College's benchmarking group with its partner-designated colleges in London has been strengthened.

The 'end of course' individual student evaluations have been carried out in ESOL/Basic Skills and ICT throughout the year, and extended to other curriculum areas during the year.

From September 2002 the signing of the student learning agreement has been integrated into the enrolment process, which itself usually follows specific advice and guidance. Individual Learning Plans are completed for all students so that achievements can be more closely identified, and progression arrangements more readily identified.

Transparency arrangements

11. 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, Personnel and Development Committee, Quality and

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Standards Committee, Remuneration Committee, and Search Committee. In addition the Corporation has representation on the Health and Safety Committee.

The full Corporation meets at least termly, and formal business has also been conducted at the two Strategy Days held in October and July. The other committees meet at least once each term with the exception of the Search and Remuneration Committees which meets as required but at least on one occasion a year. 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 Post Holders of the College. The register is 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. No out of pocket expenses were claimed by Governors in the year to 31 July 2003.

Finances

12. The College generated an operating surplus of for the year to 31 July 2003 of £116,156 (2001 – 2002, £8,744, deficit). There was a realised loss resulting from the management of the College's investment portfolio of £36,116 (2001 – 2002, £7,015 gain) and an unrealised gain of £28,949 (2001 – 2002, a loss of £619,993). During the year to 31 July 2003, a total of £186,302 (2001 - £196,357: 2002 £253,902) was spent on summer refurbishment work.
13. The College had for many years generated operating deficits and been dependent on the gains from the investment portfolio to cover the deficit. In the main, this was a consequence of the low volume of activity combined with a low average level of funding (ALF).
14. Closing reserves and endowments are £4,117,284. This is an increase from 2001/02 when the total was £4,008,295.

Post-balance Sheet Events

None.

Staff and Student Involvement

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

The Corporation includes two staff members and two student members. The Principal has introduced both staff and student bulletins and newsletters, which are produced regularly. All working parties and development groups within the College include staff and student representation. However, it is sometimes difficult to secure the level of staff and student participation that is desirable because of the high proportion of teaching staff who are part-time sessional staff, and because most students are part-time.

Taxation

16. The College's activities do not fall to be charged to corporation tax.

Employment of Disabled Persons

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

Disability Statement

18. The College seeks to achieve the objectives set down in the Disability Discrimination Act 2000 (as amended by the Special Educational Needs Act 2001), and in particular makes the following commitments:
- a) As part of the redevelopment of the buildings it has installed lifts so that most of the facilities allow access to people with a mobility impairment. Induction loops have been installed in key locations improving access for people with hearing impairments.
 - b) There is a range of specialist equipment which the College can make available for use by students. A list is maintained in the Centre for Student Affairs.
 - c) The admissions policy for all students is described in the College Charter. Appeals against a decision not to offer a place are dealt with under the complaints procedure.
 - d) The College makes available appropriate support for students with learning difficulties and/or disabilities a key priority. Support is managed and delivered

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through the Centre for Student Affairs where there are 4 Full Time Equivalent specialists delivering dyslexia, literacy, numeracy, careers, IT and welfare rights support. There are a number of lecturers who provide a variety of support for individual students in response to assessed need. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for all students who have learning difficulties and/or disabilities.

- e) Specialist programmes are described in programme information guides, and achievements are recorded and published in the standard college format.
- f) Counselling and welfare services are described in the college student handbook/charter and in translated pamphlets provided by the Centre for Student Affairs.

Planned Maintenance Programme

19. The College continued a programme of planned maintenance and refurbishment that was planned to continue to the end of 2005/2006. The works to date have represented a catching up exercise for maintenance that had been neglected in the past. These one-off works have been funded from the College's reserves. As the works have been predominately revenue in nature this has resulted in the College incurring charges in the accounting periods that the work spans (2001/2002 to 2005/2006). The charge to revenue costs in respect of this work in 2002/03 was £186,303 (2000/01 - £196,357 and 2001/02 - £253,902).

	2002/03	2003/04	2004/05	2005/06
Year	2	3	4	5
	£000	£000	£000	£000
Outstanding at 1 August	138	154	154	154
Budgeted expenditure	202	75	125	72
Actual or planned expenditure	(186)	(75)	(125)	(226)
Outstanding at 31 July	154	154	154	0

In 2002/03 the College also incurred capital building costs of £168,000. During 2003/04 the College plans to review the Accommodation Strategy and this will impact on Planned Maintenance.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2002 to 31 July 2003, the College achieved this target for invoices where there were no disputed costs. The College incurred no interest charges in respect of late payment for this period.

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Members

The following Governors were in office at 31 July 2003 and served throughout the year except where shown:

Name	Date of Appointment or Re-appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served
Nafisa N. Ali	26/03/2003	1 Year		Nominated Student	
Susan Agnoy	13/03/2002		03/01/03	Appointed	
Joe Barrow	13/03/2002	1 Year	26/03/03	Nominated Student Governor	
Ian Bell	26/03/2003	3 Years		Nominated Staff	A
Beverley Evans Vice Chair-of Corporation.	28/03/2001			Appointed	Q (Ch) /R / S
Nigel Franklin	13/03/2002			Appointed	A / Q
Satnam Gill	19/10/1999			Principal / Ex-Officio Governor	FPD / S
Richard Holden	13/03/2002			Appointed	FPD / Q
Michael Johns CB	13/03/2002			Appointed	FPD
Martin Jones	12/12/2001			Appointed	A
Michael Laschinger (Company Secretary)	13/03/2002			Appointed	A (Ch)
Selwyn Midgen (Treasurer)	18/12/2002			Appointed	FPD (Ch)/R/ S
Michael Mockridge	18/12/2002			Appointed	
David Offenbach	17/10/2001			Appointed	
Shaun O' Connor	17/07/2002	3 years		Nom. Staff Gov.	Q
Bipin Patel	17/10/2001			Appointed	FPD
Councillor Abdul Quadir	17/07/2002			Appointed	
Professor Tom Schuller Vice Chair of Corporation.	28/03/2001			Appointed	**FPD / S / R
Steve Scotland	11/11/2000			Appointed	A
Ruth Silver Chair of Corporation	13/03/2002			Appointed	FPD/ R (Ch) / S (Ch)
Graziella Spigarolo	26/03/2003	1 Year		Nominated Student Gov.	H / Q

Key to Committees:

H= Health & Safety

A= Audit

FPD=Finance/General Purposes and Development

Q=Quality and Standards

R=Remuneration

S=Search

Ch=Committee Chair

Notes:

All appointed Governors can serve for up to nine years on the Corporation. At each annual general meeting one third of the Appointed Governors are required to retire by

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rotation in accordance with Articles 38 ~ 42 of the College's Memorandum and Articles of Association.

The Principal is, ex officio, a Nominated Governor. The date of his appointment as a Nominated Governor and the date of his retirement or removal from office are determined by the Appointed Governors.

Tim Firmston was engaged part-time to the post of Acting Clerk to the Corporation on a freelance basis. Alan Conway was engaged permanently on a part-time basis to the post of Clerk to the Corporation in August 2003.

The appointed governors are also the members of the College. Every member of the College undertakes to contribute to the assets of the College in the event of it being wound up while he/she is a member, such amount as may be required but not exceeding five pence.

Signed on behalf of the Corporation

Chair 

Date 17 December 2003

WORKING MEN'S COLLEGE CORPORATION

Professional Advisers

Financial Statements Auditors:	Internal Auditors:	Funding Auditors:
Buzzacott	BDO Stoy Hayward	Buzzacott
12 New Fetter Lane	Emerald House,	12 New Fetter Lane
London EC4A 1AG	East Street	London EC4A 1AG
	Epsom, KT17 1HS	

Bankers:	Bankers:
National Westminster Bank plc	Barclays Bank plc
166 Camden High Street	Hanover Square, 50 Pall Mall
London NW1 0NW	London SW1A 1QD

Solicitors:	Solicitors:	Solicitors:
Bates, Wells & Braithwaite	Hodge, Jones & Allen	Levene's
138 Cheapside	Twyman House	Bedford House
London EC2V 6BB	31-39 Camden Road	125-133 Camden High Street
	London NW1 9LR	London NW1 7JR

Investment Managers:	Property Advisors
Adam and Co	Hughes and Associates
23 St Andrew Square	60-62 Dock Road
Edinburgh EH2 1BB	Grays
	Essex RM17 6EY

Corporate Governance

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 one 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 accounts understand how the principles have been applied.

In the opinion of the Corporation, the College complies with all the provisions of the Combined Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2003.

The Corporation

The composition of the Corporation is set out on pages 11 to 12. It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are finance, general purposes and development, remuneration, search, audit, and quality.

All governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment and removal of the Clerk are matters for the Corporation as a whole. During the year 2001/02 the Clerk was suspended from office; and following a hearing and subsequent appeal to the Governing Body the Clerk was dismissed. Tim Firmston was engaged as Clerk on an acting basis following the suspension of the Clerk. Alan Conway was appointed to the post of Clerk to the Corporation in August 2003.

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

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

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

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a search committee comprised of five governors which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

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

Remuneration Committee

Through the year ending 31 July 2003, the College's Remuneration Committee comprised of four Governors (excluding the Principal). The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior post holders.

Details of remuneration for the year ended 31 July 2003 are set out in note 6 to the financial statements.

Audit Committee

The Audit Committee comprises of five governors (excluding the Principal). The committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee met four times during the year and provides a forum for reporting by the College's internal and external auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the Learning and Skills Council as they affect the College's business.

The College's internal auditors monitor the systems of internal control in accordance with an agreed annual plan of audit areas and time allocation and report their findings to management and the Audit Committee. Management are responsible for the implementation of agreed recommendations and internal audit undertake periodic follow up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal and external auditors and their remuneration for both audit and non-audit work.

Internal Control

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage

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rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for reviewing the adequacy of the system of internal financial control and making any appropriate amendments. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal financial control.

The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place and operational for the full period. This process is regularly reviewed by the Corporation.

Going Concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Signed on behalf of the Corporation

Chair 

Date 17 December 2003

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Statement of the Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the Financial Memorandum agreed between the Learning and Skills Council (the Council) and the Corporation of the College (the Corporation) through the Principal, is required to prepare financial statements for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions and which give a true and fair view of the state of affairs of the college and the result for that year.

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

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the college will continue in operation.

The Corporation is responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the College and to enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

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

Signed on behalf of the Corporation

Chair



Date

17 December 2003

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Statement on 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 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 reviewed and agreed by the governing body
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines where appropriate.

Working Men's College has an internal audit service, which operates in accordance with the requirements of the Learning and Skills Council's (LSC's) *Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the college is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the college's governing body on the recommendation of the audit committee. At minimum annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the college. The report includes the HIA's independent opinion on the adequacy and effectiveness of the college's system of internal control, risk management controls and governance processes, 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 auditor, the executive managers within the college who have responsibility for the development and maintenance of the financial control framework, and comments made by the college's external auditors and the Council appointed auditors of the college's individualised learner record and funding claim in their management letters and other reports.

Satan Cunn

Principal

17.12.03.

Date

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Independent Auditors' Report to the Corporation of Working Men's College

We have audited the financial statements on pages 22 to 37.

This report is made solely to the Corporation as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Corporation those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the company's members, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Corporation of Working Men's College and Auditors

The Corporation is responsible for preparing the Corporation's Report and, as described in the statement of responsibilities on page 17, the financial statements in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions and applicable United Kingdom law and Accounting Standards.

Our responsibilities as independent auditors are established in the United Kingdom by applicable statute relevant legal and regulatory requirements, the Auditing Practices Board 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 properly prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions. We also report to you whether, in our opinion, in all material respects, monies expended out of funds from whatever source administered by the College for specific purposes have been properly applied for those purposes and, if appropriate, managed in compliance with relevant legislation and whether in our opinion, in all material respects, monies expended out of funds provided by the Learning and Skills Council have been applied in accordance with the financial memorandum between the Learning and Skills Council and the Corporation of the College and any other terms and conditions attached to them.

We also report to you if, in our opinion, the Corporation's Report is not consistent with the financial statements, if the College has not kept proper accounting records, the accounting records do not agree with the financial statements or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Corporation's Report (including the corporate governance statement) and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit 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 Learning and Skills Council. An audit includes examination, on a test basis, of evidence relevant to amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Corporation in the preparation

WORKING MEN'S COLLEGE CORPORATION

of the financial statements, and of whether the accounting policies are appropriate to the College's circumstances, consistently applied and adequately disclosed.

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

Opinion

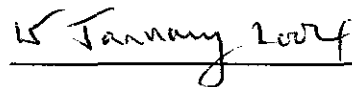
In our opinion the financial statements give a true and fair view of the state of affairs of the College as at 31 July 2003 and of the College's surplus of income over expenditure for the year then ended, and are properly prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions.

In our opinion, in all material respects, monies expended out of funds from whatever source administered by the College for specific purposes have been properly applied for those purposes and, if appropriate, managed in compliance with relevant legislation for the year ended 31 July 2003.

In our opinion, in all material respects, monies expended out of funds provided by the Learning and Skills Council have been applied in accordance with the Financial Memorandum between the Learning and Skills Council and the Corporation of the College and any other terms and conditions attached to them for the year ended 31 July 2003.



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



Date

Working Mens College Corporation
Income and Expenditure Account for the year ended 31 July 2003

	Notes	Year ended 31 July 2003 £	Year ended 31 July 2002 £
Income			
Funding Council Grants	1	2,293,729	1,848,068
Tuition fees and education contracts	2	195,657	168,996
Other income	3	73,302	69,597
Endowment and Investment income	4	158,005	175,189
Total Income		<u>2,720,693</u>	<u>2,261,850</u>
Expenditure			
Staff costs	5	1,635,627	1,285,069
Other operating expenses	7	841,539	873,753
Depreciation	9	127,371	111,772
Total Expenditure		<u>2,604,537</u>	<u>2,270,594</u>
Surplus / (deficit) on continuing operations before tax		116,156	(8,744)
Taxation	8	0	0
Surplus / (deficit) on continuing operations after tax		<u>116,156</u>	<u>(8,744)</u>

The income and expenditure account is in respect of continuing activities

Working Men's College Corporation
Statement of the Total Recognised Gains and Losses for
the year ended 31 July 2003

	Notes	Year ended 31 July 2003 £	Year ended 31 July 2002 £
Surplus / (deficit) on continuing operations after depreciation of assets at valuation and tax		116,156	(8,744)
Realised (losses) / gains on disposal of investments	10 & 15	(36,116)	7,015
Unrealised gains / (losses) on listed and endowment investments	10 & 15	28,949	(619,993)
Total recognised gains / (losses) relating to the period		<u>108,989</u>	<u>(621,722)</u>
Reconciliation			
Opening reserves and endowments		4,008,295	4,630,017
Total recognised gains / (losses) for the year		108,989	(621,722)
Closing reserves and endowments		<u>4,117,284</u>	<u>4,008,295</u>


Statement of Historical Cost Surpluses and Deficits for
the year ended 31 July 2003

	Notes	Year ended 31 July 2003 £000	Year ended 31 July 2002 £000
Surplus / (deficit) on continuing operations before taxation		116,156	(8,744)
(Losses) / gains calculated by reference to historic cost of investments sold during the year		(45,596)	193,096
Historical cost surplus for the period before and after taxation		<u>70,560</u>	<u>184,352</u>

**Working Men's College Corporation
Balance Sheet as at 31 July 2003**

	Notes	2003 £	2003 £	2002 £	2002 £
Fixed assets					
Tangible assets	9	446,711		342,437	
Investments	10	<u>2,397,208</u>		<u>2,578,157</u>	
Endowment Assets	11		2,843,919		2,920,594
			<u>929,277</u>		<u>1,017,692</u>
			<u>3,773,196</u>		<u>3,938,286</u>
Current assets					
Debtors	12	90,200		36,448	
Investments - cash held by investment managers		237,725		84,192	
Endowments - cash held by investment managers		110,184		31,789	
Cash at bank and in hand		<u>226,527</u>		<u>290,945</u>	
		<u>664,636</u>		<u>443,374</u>	
Creditors: amounts falling due within one year	13	<u>208,442</u>		<u>301,950</u>	
Net current assets			456,194		141,424
NET ASSETS			<u><u>4,229,390</u></u>		<u><u>4,079,710</u></u>
Deferred capital grants	14		112,106		71,415
Endowments					
Specific	15	139,506		137,058	
General	15	<u>931,743</u>		<u>912,423</u>	
			1,071,249		1,049,481
Reserves					
Restricted reserve	16	1,223,148		1,235,227	
General reserve	16	<u>1,822,887</u>		<u>1,723,587</u>	
			3,046,035		2,958,814
TOTAL			<u><u>4,229,390</u></u>		<u><u>4,079,710</u></u>

The financial statements on pages 21 to 36 were approved by the governing body on 17 December 2003 and were signed on its behalf by:


Principal


Chairman

Working Men's College Corporation
Cash Flow Statement for the year ended 31 July 2003

	Notes	Year ended 31 July 2003 £	Year ended 31 July 2002 £
Cash flow from operating activities	17	(106,701)	(125,711)
Returns on investments and servicing of finance	18	158,005	175,189
Capital expenditure and financial investment	19	116,206	(155,978)
Increase / (decrease) in cash in the period	20	<u><u>167,510</u></u>	<u><u>(106,500)</u></u>

Reconciliation of net cash flow to movement in net funds

Movement in net funds in period		167,510	(106,500)
Net funds at 1 August	20	406,926	513,426
Net funds at 31 July	20	<u><u>574,436</u></u>	<u><u>406,926</u></u>

WORKING MEN'S COLLEGE CORPORATION

Notes to the Financial Statements for the year ended 31 July 2003

Statement of Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting in Further and Higher Education Institutions and in accordance with applicable Accounting Standards. They conform to guidance published by the Learning and Skills Council ("the LSC"), in Circular 03/08.

Without limiting the information given, the financial statements meet the accounting and disclosure requirements of the Companies Act and accounting standards issued or adopted by the Accounting Standards Board so far as those requirements are appropriate. In order to present a true and fair view, the College has not followed the provisions of the Companies Act 1985 regarding the format of the accounts where these are not appropriate to the College's activities.

Basis of accounting

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

Recognition of income

Income from Tuition Fees is recognised in the period for which it is received and includes all fees chargeable to students. The cost of any fees waived by the College is included as part of Teaching Support Services expenditure in Note 7.

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Income receivable from the Learning and Skills Council is recognised in line with the latest estimates of grant receivable for an academic year. The final grant allocation is determined in the subsequent February, following an audit of the College's units of activity.

Pension schemes

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) 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

WORKING MEN'S COLLEGE CORPORATION

determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method for the TPS.

Contributions to the group personal pension scheme are a fixed percentage of salary and are charged to the income and expenditure account on an accrual basis.

Tangible fixed assets

Land and buildings and improvements to buildings are stated in the balance sheet at cost.

Individual 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

Listed investments are held as fixed assets or endowment assets and are stated at market value.

Maintenance of premises

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

WORKING MEN'S COLLEGE CORPORATION

Taxation

The College is an exempt charity within the meaning of schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act (ICTA) 1988.

Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The College receives no similar exemption in respect of Value Added Tax.

Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Working Men's College Corporation

1 Funding Council Grants

	Year ended 31 July 2003 £	Year ended 31 July 2002 £
Recurrent grant current year	1,993,199	1,614,240
Recurrent grant prior periods	80,501	0
Releases of deferred capital grants	44,963	37,010
Basic Skills Summer schools	0	25,803
Standards Fund	62,837	151,948
Reorganisation Feasibility Study	10,000	0
Teachers Pay Initiative	75,492	19,067
SENDA/DDA	4,641	0
ILT Provision	2,233	0
Other funds	12,915	0
Release of prior year clawback provision	6,948	0
	2,293,729	1,848,068

2 Tuition Fees and Education Contracts

	Year ended 31 July 2003 £	Year ended 31 July 2002 £
European Union (EU) (excluding UK) students	100	186
Non-EU students	962	244
UK Further Education students	194,595	168,566
	195,657	168,996
Total fees paid by or on behalf of individual students		
Education contracts	0	0
	195,657	168,996

3 Other Income

	Year ended 31 July 2003 £	Year ended 31 July 2002 £
Rental Income	10,048	28,307
Legacies	25,975	2,256
Miscellaneous income	37,279	39,034
	73,302	69,597

4 Endowment and Investment Income

	Year ended 31 July 2003 £	Year ended 31 July 2002 £
Dividends and interest on listed and endowment investments	148,948	165,075
Bank Interest	9,057	10,114
	158,005	175,189

Working Men's College Corporation

5 Staff Costs

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

	Year ended 31 July 2003 Number	Year ended 31 July 2002 Number
Teaching departments	39	33
Teaching support services	8	6
Administration and central services	16	14
Premises	3	3
	<u>66</u>	<u>56</u>

Staff costs for the above persons:

	Year ended 31 July 2003 £	Year ended 31 July 2002 £
Wages and salaries	1,457,776	1,168,724
Social security costs	100,811	81,128
Other pension costs	77,040	35,217
	<u>1,635,627</u>	<u>1,285,069</u>

Teaching departments	931,667	701,906
Teaching support services	108,528	79,577
Administration and central services	487,404	417,748
Premises	46,690	48,199
General education expenditure	29,089	13,852
Staff restructuring	32,249	23,787
	<u>1,635,627</u>	<u>1,285,069</u>

	Year ended 31 July 2003 £	Year ended 31 July 2002 £
Employment costs for staff on permanent contracts	1,225,637	998,560
Employment costs for staff on short-term and temporary contracts	409,990	286,509
	<u>1,635,627</u>	<u>1,285,069</u>

The senior post-holders and the principal, who received emoluments (including pension contributions) in the following ranges was:

	Year ended 31 July 2003 Number	Year ended 31 July 2002 Number
£ 40001 to £ 45000	0	2
£ 50001 to £ 60000	2	1
£ 80001 to £ 90000	1	0
	<u>3</u>	<u>3</u>

A general pay award of 3.5% was made with effect from 1 September 2002, approved by the corporation.
A further 0.5% was payable from 1st April 2003.

Working Men's College Corporation
6 Senior Post-holders' Emoluments

	Year Ended 31 July 2003 Number	Year Ended 31 July 2002 Number
The number of senior post-holders including the Principal was:	<u>3</u>	<u>3</u>

Senior post-holders' emoluments are made up as follows:

	Year Ended 31 July 2003 £	Year Ended 31 July 2002 £
Salaries	173,179	124,142
Benefits in kind	4,455	4,408
Pension contributions	18,701	16,762
Total emoluments	<u>196,335</u>	<u>145,312</u>

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

	Year Ended 31 July 2003 £	Year Ended 31 July 2002 £
Salary	74,443	46,810
Benefits in kind	<u>360</u>	<u>300</u>
	<u>74,803</u>	<u>47,110</u>
Pension contributions	<u>8,512</u>	<u>11,508</u>

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

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

Senior post-holders, including the Principal and other higher paid staff received a pay increase of 3.5% in line with the general pay award. No bonuses were awarded to senior post-holders although some salary enhancements were paid to align with comparable market rates.

Overseas activities

None of the Governors or senior postholders was involved in any overseas activity during the year ended 31 July 2003 (2002 - none).

7 Other Operating Expenses

	Year ended 31 July 2003 £	Year ended 31 July 2002 £
Teaching departments	41,873	39,099
Teaching support services	90,011	44,342
Administration and central services	328,918	329,302
Premises costs	174,452	183,542
Refurbishment	186,302	253,902
Other expenses	19,983	23,566
Total	<u>841,539</u>	<u>873,753</u>

Working Men's College Corporation
7 Other Operating Expenses (continued)

Other operating expenses include:	Year ended 31 July 2003 £	Year ended 31 July 2002 £
Auditors' remuneration:		
external audit	11 184	11 575
internal audit	11 967	10 189
other services from either external or internal audit	-	1 983
Hire of other assets - operating leases	<u>4 329</u>	<u>4 332</u>

8 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.

9 Tangible Fixed Assets

	Freehold land and buildings £	Building improve- ments £	Computer equipment £	Technical equipment £	Furniture, fixtures and other equipment £	Total £
Cost						
At 1 August 2002	178,152	22,396	289,912	125,904	105,835	722,199
Additions	0	167,998	58,047	5,600	(0)	231,645
At 31 July 2003	<u>178,152</u>	<u>190,394</u>	<u>347,959</u>	<u>131,504</u>	<u>105,835</u>	<u>953,844</u>
Depreciation						
At 1 August 2002	62,356	8,732	182,234	88,924	37,516	379,762
Charge for year	8,909	19,039	63,910	17,874	17,639	127,371
At 31 July 2003	<u>71,265</u>	<u>27,771</u>	<u>246,144</u>	<u>106,798</u>	<u>55,155</u>	<u>507,133</u>
Net book value						
At 31 July 2003	<u>106,887</u>	<u>162,623</u>	<u>101,815</u>	<u>24,706</u>	<u>50,680</u>	<u>446,711</u>
Net book value						
At 1 August 2002	<u>115,796</u>	<u>13,664</u>	<u>107,678</u>	<u>36,980</u>	<u>68,319</u>	<u>342,437</u>
Analysis of 31 July 2003 net book value						
Financed by capital grant	0	35,689	67,128	2,452	6,837	112,106
Other	106,887	126,934	34,687	22,254	43,843	334,605
Net book value						
At 31 July 2003	<u>106,887</u>	<u>162,623</u>	<u>101,815</u>	<u>24,706</u>	<u>50,680</u>	<u>446,711</u>

Working Men's College Corporation
10 Fixed Asset Investments

Listed securities at valuation

	Fixed Interest UK Govt Stocks £	Equities £	Total £
At 1 August 2002	280,395	2,297,762	2,578,157
Additions	0	326,703	326,703
Disposal proceeds	(60,716)	(418,001)	(478,717)
Realised (losses) / gains on disposal of investments	2,328	(35,789)	(33,461)
Unrealised gains / (losses)	(782)	5,308	4,526
At 31 July 2003	221,225	2,175,983	2,397,208
The original cost of assets included above at valuation is:			
At 31 July 2003	304,257	2,352,668	2,656,925
At 31 July 2002	292,146	2,502,773	2,794,919

Total net unrealised losses at 31 July 2003 amounted to £ 259,717 (2002 - £ 216,762 loss)

At 31 July 2003 the following individual investment holdings each represented 5% or more of the market value of the investment portfolio (including endowment assets):

	Market value £	% of portfolio value
Treasury stock 8.5% 2007	174,494	5.2
Treasury stock 5% 2008	211,000	6.3
First State Inv UK Corporate Bond	251,750	7.6
European Investment Bank 6% bonds 5/9/2014	171,165	5.1

11 Endowment Assets

	Year ended 31 July 2003 £	Year ended 31 July 2002 £
Balance at 1 August 2002	1,017,692	1,045,162
Additions	148,962	633,471
Disposal proceeds	(259,145)	(665,260)
Realised losses on disposal of investments	(2,654)	(5,034)
Unrealised gains	24,423	9,353
Balance at 31 July 2003	929,277	1,017,692
Represented by:		
Fixed interest stocks (listed)	929,277	1,017,692
Total	929,277	1,017,692
The original cost of assets included above at valuation is:		
At 31 July 2003 and July 2002	794,210	963,978

Total net unrealised gain at 31 July 2003 amounted to £ 135,067 (2002 - £ 53,714 gain)

Working Men's College Corporation
12 Debtors

	Year ended 31 July 2003 £	Year ended 31 July 2002 £
Amounts falling due within one year		
Trade Debtors	7,705	1,833
Other Debtors	5,111	4,685
Prepayments and accrued income	77,384	29,930
Total	<u>90,200</u>	<u>36,448</u>

13 Creditors: Amounts Falling Due Within One Year

	Year ended 31 July 2003 £	Year ended 31 July 2002 £
Payments received in advance	73,114	120,774
Trade creditors	34,307	52,339
Other taxation and social security	0	35,392
Accruals	94,294	76,722
Provision for clawback of LSC recurrent funding	6,727	16,723
	<u>208,442</u>	<u>301,950</u>

14 Deferred Capital Grants

	LSC Grants £	LSC Grants £
At 1 August 2002		
Computer equipment	57,679	
Technical equipment	5,189	
Furniture, fixtures and other equipment	8,547	71,415
Cash received		
Building improvements	39,654	
Computer equipment	46,000	
Technical equipment	0	
Furniture, fixtures and other equipment	0	85,654
Released to income and expenditure account		
Building improvements	(3,965)	
Computer equipment	(36,552)	
Technical equipment	(2,736)	
Furniture, fixtures and other equipment	(1,710)	(44,963)
Total		<u>112,106</u>
At 31 July 2003		
Building improvements		35,689
Computer equipment		67,128
Technical equipment		2,452
Furniture, fixtures and other equipment		6,837
Total		<u>112,106</u>

Analysis of capital grants received from the Learning and Skills Council during 2002/03

	£
Building improvements	39,654
IT equipment / infrastructure	46,000
Total	<u>85,654</u>

Working Men's College Corporation
15 Endowments

	Specific £	General £	Total £
At 1 August 2002	137,058	912,423	1,049,481
Unrealised gains in year on endowment asset investments	2,747	21,676	24,423
Realised losses in year on endowment asset investments	(299)	(2,356)	(2,655)
At 31 July 2003	<u>139,506</u>	<u>931,743</u>	<u>1,071,249</u>
Representing			
Prizes funds	43,672	0	43,672
Library funds	71,482	0	71,482
Other funds	24,352	931,743	956,095
Total	<u>139,506</u>	<u>931,743</u>	<u>1,071,249</u>

16 Movement on Reserves

	Year ended 31 July 2003 £	Year ended 31 July 2002 £
General Reserve - Income and Expenditure Account		
At 1 August	1,723,587	2,092,682
Movement on income and expenditure account after depreciation and tax	116,156	(8,744)
Realised investment (losses) / gains	(19,492)	7,034
Unrealised investment gains / (losses)	2,636	(367,385)
At 31 July	<u>1,822,887</u>	<u>1,723,587</u>
Restricted Reserve		
At 1 August	1,235,227	1,492,173
Realised investment gains / (losses)	(13,969)	5,015
Unrealised investment gains / (losses)	1,890	(261,961)
At 31 July	<u>1,223,148</u>	<u>1,235,227</u>

17 Reconciliation of Operating Surplus / (Deficit) to Net Cash Outflow from Operating Activities

	Year Ended At 31 July 2003 £	Year Ended 31 July 2002 £
Surplus / (deficit) on continuing operations after depreciation of assets at valuation and tax	116,156	(8,744)
Depreciation (note 9)	127,371	111,772
Deferred capital grants released to income (note 1 & 14)	(44,963)	(37,010)
Investment income receivable	(148,948)	(165,075)
(Increase)/decrease in debtors	(53,752)	69,270
Increase/(decrease) in creditors	(93,508)	(85,810)
Interest receivable (note 4)	(9,057)	(10,114)
Net cash outflow from operating activities	<u>(106,701)</u>	<u>(125,711)</u>

18 Returns on Investments and Servicing of Finance

	Year Ended At 31 July 2003 £	Year Ended 31 July 2002 £
Income from investments	148,948	165,075
Other interest received	9,057	10,114
Net cash inflow from returns on investment and servicing of finance	<u>158,005</u>	<u>175,189</u>

Working Men's College Corporation
19 Capital Expenditure and Financial Investment

	Year Ended 31 July 2003 £	Year Ended 31 July 2002 £
Purchase of tangible fixed assets	(231,645)	(106,284)
Payments to acquire fixed assets investments	(475,665)	(1,342,392)
Sales of tangible fixed assets investments	737,862	1,223,080
Deferred capital grants received	85,654	69,618
Net cash inflow (outflow) from capital expenditure and financial investment	<u>116,206</u>	<u>(155,978)</u>

20 Analysis of Changes in Net Funds

	At 1 August 2002 £	Cashflows £	At 31 July 2003 £
Cash in hand and at bank	290,945	(64,418)	226,527
Cash held with Fund Managers	115,981	231,928	347,909
Total	<u>406,926</u>	<u>167,510</u>	<u>574,436</u>

21 Pension and similar obligations

The College's employees belong to two principal pension schemes, the Teachers' Pensions Scheme (TPS) and a group personal pension scheme (GPPS). The total pension cost for the period was £77,040 (2002 - £35,217).

Teachers' Pension Scheme

The Teachers' Pension Scheme is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972.

SSAP 24

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

Latest actuarial valuation	31 March 2001
Actuarial method	Prospective Benefits
Investment returns per annum	7% per annum
Pension increases per annum	5.0% per annum
Market value of assets at date of last valuation	£142,880 million

Proportion of members' accrued benefits covered by the actuarial value of the as 100%

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the government actuary carried out a further review on the level of employers' contributions. For the period from 1 April 2002 to 31 March 2003 the employer contribution was 8.35%. The rate increased to 13.5% from 1 April 2003

FRS 17

Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits), the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the College has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

Working Men's College Corporation
22 Capital Commitments

	Year ended 31 July 2003 £	Year ended 31 July 2002 £
Commitments contracted for at 31 July	<u>0</u>	<u>0</u>

At 31 July 2003 there were commitments of £39,130 in respect of summer maintenance works which were revenue in nature.

23 Financial Commitments

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

	Year ended 31 July 2003 £	Year ended 31 July 2002 £
Equipment Expiring between two and five year inclusive	<u>4,329</u>	<u>4,329</u>

24 Access Funds

	Year Ended 31 July 2003 £	Year Ended 31 July 2002 £
Funding Council grants	63,764	44,584
Disbursed to Students	(64,832)	(29,963)
Balance unspent at 31 July	<u>(1,068)</u>	<u>14,621</u>

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

The £1,068 overspend on the Learner Support Fund was paid from college funds.

25 Related Party Transactions

Due to the nature of the College's operations and the composition of the board of governors (being drawn from local public and private sector organisations) it is possible that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving organisation in which a member of the board of governors may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.