

WORKING MEN'S COLLEGE CORPORATION
(Limited by Guarantee)

Company No. 8894C

Charity No. 312803

REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31ST JULY 1998



Working Men's College Corporation
Financial Statements
For the year ended 31st July 1998

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Working Men's College Corporation

Report of Corporation

The corporation submits its report and accounts for the year ended 31st July 1998. Comparative figures are for the 13 months to 31st July 1997.

Objects

The corporation which was incorporated as a company limited by guarantee on 4 November 1874, is a charity registered with the Charity Commission under number 312803. Its objects, set out in its Memorandum of Association are: "to advance the education of the adult public by the provision of an adult educational institution".

Directors

On 14th August 1997 the Corporation adopted a new Memorandum and Articles of Association. Until that date the governance of the Corporation was, under the previous Articles of Association, shared between a largely elected Council and a separate Board made up of the members of Corporation acting as Directors. The new Articles of Association vested the total control and governance of the Corporation in a Board of 19 directors, called Governors, up to seven of whom are elected by the staff, teachers and students. A new Council was established which acts as an advisory body to the Governors. At the same time the Warden and Deputy Warden were given the new titles of Principal and Vice-Principal.

The following persons served as Directors during the period covered by the accounts:

Professor J. Michael Hancock - Chairman
Lee Barr (from 18th February 1998)
Monty Charkham (until 14th August 1997)
Nigel Franklin
Alan Humphries (from 10th December 1997)
Michael A. Johns
Michael Laschinger
Albert Levine (until 14th August 1997)
Lord McIntosh of Haringey
Ronald G. Middleton (until 14th August 1997)
Selwyn Midgen - Treasurer
Michael J. Mockridge (from 29th April 1998) - Secretary
Noel Rasmussen
Marie Rhodes
Ruth Silver
Thomas E. Sweetman (until 10th December 1997)
William E. Walker (until 10th December 1997)
Janet Whitaker (from 10th December 1997) - Vice-Chair

Freehold Land and Buildings

The market value of the Corporation's property at Crowndale Road, London NW1 is substantially greater than the cost which is incorporated in the accounts.

Working Men's College Corporation

Report of the Corporation (Continued)

Academic Report

The Working Men's College enrolled 1,957 students (820 on Schedule 2 courses and 1,137 on non-Schedule 2 courses) during the year, creating 2,525 enrolments on 216 classes. By the end of the year 54 classes had been closed and this, combined with the students who had withdrawn, left us with a total enrolment of 1,591 at the close of the 1997/98 academic year.

In the academic year 1997-98, 76 candidates sat examinations in A Level subjects and 100 sat examinations in GCSE subjects. The results in English Language GCSE and in Modern Language GCSE's were particularly good. The results of the BSL Stage 1 (Sign Language) were also good. It is pleasing to note how consistent these results have been over the years.

For the first time the college obtained accreditation for beginners classes in Modern Languages under the St. Martin's

Towards the end of the previous academic year the college had appointed four Educational Development Workers as part of the on-going Action Plan. During 1997/98 these four undertook a major review of the curriculum in preparation for forthcoming programme planning and to ensure that satisfactory standards of teaching and learning were being achieved.

The co-operation with Kingsway College proved to be very successful in the areas of Basic Skills and ESOL provision. The computer suite which was installed by Kingsway College resulted in a marked expansion of student numbers in the area of Information Technology.

Financial Report

Investment income increased in the period under review by some £23,613 reversing the trend in the previous year, and realised capital gains amounted to £122,993 (1996/97 - £88,883), while unrealised gains totalled £441,297 (1996/97 - £437,209).

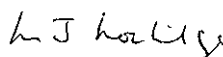
The operating deficit of £117,723 is consistent with the previous period's deficit as restated. The rise in income due to an increase in FEFC recurrent grants and a generous legacy easily offset the reduction in student fees caused by an increase in concessions granted to students. Education and administrative costs increased primarily due to recruitment of additional educational workers.

An analysis of the income for the year shows that investment income accounted for 34% (1996/97 - 36%), rents and service charges 15% (19%), students' fees 18% (24%), grant 22% (20%) and other sources 11% (1%).

Year 2000 Compliance

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

The corporation is about to initiate a project to determine the potential risks to the college's activities arising from the date change to the year 2000. Until this analysis is prepared it is not possible to assess the likely impact on the college's business or develop action plans to deal with the key risks.


M.J. Mockridge
Company Secretary

9th December 1998

Working Men's College Corporation

Responsibilities of the Members of Corporation of the Working Men's College

In accordance with the Articles of Association, the Members of Corporation of the Working Men's College Corporation are responsible for the administration and management of the affairs of the corporation and are required to present audited accounts for each financial year.

The Members of the Corporation are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the corporation and enable it to ensure that the accounts are prepared in accordance with the Companies Act 1985, guidance from the Further Education Funding Council and other relevant accounting standards. In addition, within the terms and conditions laid down by the Further Education Funding Council, the corporation is required to prepare accounts for each financial year which give a true and fair view of the state of affairs of the corporation and of the surplus or deficit for that year.

In causing the accounts to be prepared, the Members of Corporation have to ensure that:

- suitable accounting policies are selected and 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 accounts;
- accounts are prepared on the going concern basis unless it is inappropriate to presume that the corporation will continue in operation.

The Members of Corporation have 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 conditions laid down by the funding council;
- 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 corporation and to prevent and detect fraud;
- secure the economical, efficient and effective management of the corporation's resources and expenditure.

Working Men's College Corporation

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

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments and the accounting policies set out on page 8.

Respective Responsibilities of the Members of Corporation and Auditors

As described on page 3 the Members of Corporation are responsible for the preparation of accounts. It is our responsibility to form an independent opinion based on our audit on those statements and to report our opinion to you.

Basis of Opinion

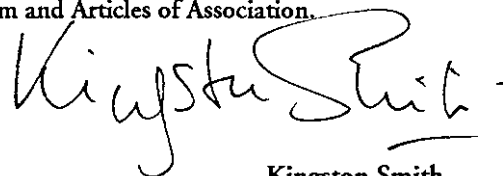
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the members of the corporation in the preparation of the financial statements and of whether the accounting policies are appropriate to the corporation'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 accounts give a true and fair view of the state of affairs of the Working Men's College Corporation at 31st July 1998 and of the deficit of income against expenditure and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985 and guidance from the Further Education Funding Council;
- funds from the Further Education Funding Council, grants and income for specific purposes and from other restricted funds administered by the Corporation have been applied only for the purposes for which they were received;
- income has been applied in accordance with the Corporation's Memorandum and Articles of Association.



Kingston Smith
Chartered Accountants
and Registered Auditors

Devonshire House
60 Goswell Road
London EC1M 7AD

9th December 1998

Working Men's College Corporation
Income and Expenditure Account
For the year ended 31st July 1998

	Note	1998		As Restated 1997 (13 months)	
		£	£	£	£
Income - continuing operations	2				
Students' fees			136,116		157,826
Grants:					
FEFC	3	159,828		103,592	
Royal Female School of Art		9,114		8,695	
Baring Foundation		-		15,961	
Other Grants		<u>2,000</u>		<u>113</u>	
			170,942		128,361
Rents and service charges			118,269		119,950
Investment income	4		259,974		236,361
Donations and other income			<u>78,616</u>		<u>6,752</u>
Total Income			763,917		649,250
Expenditure					
Staff costs	5	609,323		503,123	
Equipment and materials		20,259		25,687	
Premises		88,800		98,051	
Depreciation		29,089		27,805	
Other		115,381		101,304	
Investment management charges		<u>18,788</u>		<u>15,835</u>	
			<u>881,640</u>		<u>771,805</u>
Deficit on Continuing Operations after Depreciation of Assets	6		<u>(117,723)</u>		<u>(122,555)</u>

Statement of Total Recognised Gains and Losses
For the year ended 31st July 1998

	1998		As Restated 1997 (13 months)	
	£	£	£	£
Deficit on continuing operations after depreciation of assets		(117,723)		(122,555)
Realised gains on disposal of investments	122,993		88,883	
Unrealised gains on investments	<u>441,297</u>		<u>437,209</u>	
Net investment gains		<u>564,290</u>		<u>526,092</u>
Recognised gains for the current year		446,567		403,537
Prior year adjustment (note 7)		<u>181,441</u>		<u>-</u>
Total recognised gains since the last report		<u>628,008</u>		<u>403,537</u>

The income and expenditure account and statement of total recognised gains and losses should be read in conjunction with the reconciliation and analysis of movements on the funds shown in note 13.

The attached notes form part of these accounts.

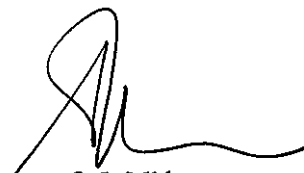
Working Men's College Corporation
Balance Sheet as at 31st July 1998

	Note	1998		As Restated 1997	
		£	£	£	£
Fixed Assets					
Tangible assets	8		174,693		189,237
Investments	9		<u>4,866,058</u>		<u>4,401,767</u>
			5,040,751		4,591,004
Current Assets					
Debtors	10	78,827		27,158	
Cash		<u>50,341</u>		<u>86,110</u>	
		129,168		113,268	
Creditors: amounts falling due within one year	11	<u>96,116</u>		<u>67,103</u>	
Net Current Assets			<u>33,052</u>		<u>46,165</u>
Total Assets Less Current Liabilities			5,073,803		4,637,169
Provisions For Liabilities and Charges					
Deferred capital grants	12		<u>9,227</u>		<u>19,160</u>
Total Net Assets			<u><u>5,064,576</u></u>		<u><u>4,618,009</u></u>
Financed by:					
Capital Funds	13		4,861,831		4,310,806
Restricted Funds	13		56,872		51,171
Unrestricted Funds	13		<u>145,873</u>		<u>256,032</u>
			<u><u>5,064,576</u></u>		<u><u>4,618,009</u></u>

Approved by Corporation 9th December 1998



J. Whitaker
Vice-Chair



S. I. Midgen
Treasurer

The attached notes form part of these accounts

Working Men's College Corporation
Cash Flow Statement
For the year ended 31st July 1998

	1998	As Restated 1997
	£	£
Reconciliation of Operating Deficit to Net Cash Flow from Operating Activities		(13 Months)
Deficit from operating activities	(117,723)	(122,555)
Release of capital grant (note 12)	(9,933)	(13,226)
Depreciation (note 8)	29,089	27,805
Investment income receivable	(259,974)	(236,361)
(Increase) in debtors	(51,965)	(7,780)
Increase/(decrease) in creditors	<u>29,013</u>	<u>(29,533)</u>
Net Cash Outflow from Operating Activities	<u><u>(381,493)</u></u>	<u><u>(381,650)</u></u>
Cash Flow Statement		
Net cash outflow from operating activities	(381,493)	(381,650)
Return on investments and servicing of finance - investment income received	260,269	247,024
Net capital expenditure (note A)	<u>179,739</u>	<u>274,824</u>
	<u><u>58,515</u></u>	<u><u>140,198</u></u>
Reconciliation of Net Cash Flow to Movement in Net Funds (Note B)		
Increase in cash in the year	58,515	140,198
Net funds at 31st July 1997	<u>539,647</u>	<u>399,449</u>
Net Funds at 31st July 1998	<u><u>598,162</u></u>	<u><u>539,647</u></u>

Note A - Gross Cash Flows

	1998	1997
	£	£
Capital Expenditure		
Payments to acquire tangible fixed assets	14,545	10,876
Purchase of fixed asset investments (note 9)	491,228	1,322,242
Proceeds of sale of fixed asset investments (note 9)	(685,512)	(1,597,354)
Deferred capital grants received (note 12)	<u>-</u>	<u>(10,588)</u>
	<u><u>(179,739)</u></u>	<u><u>(274,824)</u></u>

Note B - Analysis of Changes in Net Funds

	At 31st July 1997	Cash Flows	At 31st July 1998
	£	£	£
Cash at bank and in hand	86,110	(35,769)	50,341
Deposits (note 9)	<u>453,537</u>	<u>94,284</u>	<u>547,821</u>
	<u><u>539,647</u></u>	<u><u>58,515</u></u>	<u><u>598,162</u></u>

Working Men's College Corporation
Notes to the Accounts
For the year ended 31st July 1998

1 Status of Corporation

The Corporation is a company limited by guarantee and is a registered charity. Each member of the Corporation has undertaken to contribute to the assets of the Corporation in the event of its being wound up an amount not exceeding 5p.

2 Accounting Policies

Basis of Preparation

The accounts have been prepared on the historical cost basis modified by the revaluation of investments and are presented in accordance with applicable accounting standards and, where applicable, Further Education Funding Council Circular 97/28. The specialised FEFC Circular has been adopted in preference to the more general Charities' SORP, and the presentation of income and expenditure in these accounts has been adapted from that prescribed by the Companies Act 1985, to reflect the special nature of the College's operations.

Income Recognition

Students' fees and operating grants are recognised by reference to the academic year beginning in the accounting period. Rents and service charges and investment income are credited on the accruals basis. Donations, other than for capital expenditure or to capital funds are recognised as income when received. Specific grants are matched against the expenditure to which they relate. Grants and donations specifically to fund capital expenditure are treated as deferred income and are released to the Income and Expenditure Account over the useful life of the assets concerned. Additions to capital funds are credited directly to those funds.

Expenditure

Expenditure is charged on the accruals basis and where appropriate is inclusive of irrecoverable value added tax.

Depreciation

Depreciation is provided on the following bases:

Freehold buildings	20 years straight line
Computer and technical equipment	4 years straight line
Non technical equipment	8 years straight line

Investments

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

Long term maintenance

In previous periods contributions to the provision for long term maintenance were charged to the income and expenditure account on the basis of the College's long term maintenance plan so as to spread the total cost over the plan period. Actual expenditure on long term maintenance was charged directly to this provision.

FRED 14 "Provisions and Contingencies" proposes that provisions should only be recognised when there is a legal or constructive obligation to transfer economic benefits as a result of past events. The College was required to release the long term maintenance provision as a prior period adjustment (note 7) as set out in FEFC circular 98/26 in order to comply with FRED 14. Any expenditure on long term maintenance is now charged to the income and expenditure account as incurred.

Pension Scheme Arrangements

The Corporation makes contributions to a defined contribution scheme, the assets of the scheme being held separately from the assets of the Corporation. The pension cost charge represents contributions payable to the scheme.

Working Men's College Corporation
Notes to the Accounts
For the year ended 31st July 1998 (Continued)

3	Grants - Further Education Funding Council	1998	1997
		£	£
	FEFC - recurrent	149,320	76,066
	FEFC - minor works	2,317	16,042
	FEFC - release of capital grants	<u>8,191</u>	<u>11,484</u>
		<u>159,828</u>	<u>103,592</u>

4	Investment Income	1998	1997
		£	£
	Listed	226,314	217,370
	Deposit account interest	33,083	18,324
	Underwriting commission	<u>577</u>	<u>667</u>
		<u>259,974</u>	<u>236,361</u>

5 Staff Costs

The average number of persons employed by the Corporation and the aggregate employee costs during the year were:

	1998		1997	
	Number	£	Number	£
Teaching	77	247,198	70	228,469
Teaching support	7	127,734	5	93,014
Administration	5	172,521	5	124,768
Premises	<u>4</u>	<u>61,870</u>	<u>4</u>	<u>56,872</u>
	<u>93</u>	<u>609,323</u>	<u>84</u>	<u>503,123</u>
Wages and salaries		487,288		424,575
Social security costs		36,248		28,840
Other pension costs		34,792		38,116
Other employee costs		<u>50,995</u>		<u>11,592</u>
		<u>609,323</u>		<u>503,123</u>
Staff on permanent contracts		394,851		341,812
Staff on short term and temporary contracts		163,477		149,719
Other employee costs		<u>50,995</u>		<u>11,592</u>
		<u>609,323</u>		<u>503,123</u>

The number of persons included under 'Teaching' represents the number of persons employed during a typical week in term time; other figures are full time equivalents.

No Corporation member received any remuneration for services as director. One member of the Corporation taught at the college and received fees of £2,542 (1997 - £1,706).

The college contributes to a pension scheme for permanent full time employees.

During the year to 31st July 1998, the Corporation effected insurance cover for the members and officers of the Corporation as permitted by Section 310 of the Companies Act 1985.

Working Men's College Corporation
Notes to the Accounts
For the year ended 31st July 1998 (Continued)

6 Operating Deficit

Expenses charged in arriving at the operating deficit include:

	1998	1997
	£	£
Depreciation	29,089	27,805
Auditors remuneration (excluding VAT)	6,950	6,600
for external audit		
for other services	8,469	4,477
	8,469	4,477

7 Prior Year Adjustment

As described in note 2 the College has changed its accounting policy on long term maintenance.

The provision for long term maintenance of £181,441 shown in the last financial statements has therefore been released as a prior period adjustment and the comparatives have been restated.

The effect of this adjustment on the preceding period is a reduction in the maintenance charge in the income and expenditure account. This results in a decrease of £80,917 to the operating deficit reported in the last financial statements.

8 Tangible Fixed Assets

	Freehold Land and Buildings £	Furniture Fittings and Equipment £	Total £
Cost			
1st August 1997	178,152	152,877	331,029
Additions	-	14,545	14,545
Disposals	-	(82,125)	(82,125)
	178,152	85,297	263,449
Depreciation			
1st August 1997	17,816	123,976	141,792
Provision for the period	8,908	20,181	29,089
Disposals	-	(82,125)	(82,125)
	26,724	62,032	88,756
Net Book Value			
31st July 1998	151,428	23,265	174,693
31st July 1997	160,336	28,901	189,237

Working Men's College Corporation
Notes to the Accounts
For the year ended 31st July 1998 (Continued)

9 Fixed Asset Investments

Listed Securities at valuation	UK Government £	Equities £	Total £
At 31st July 1997: at valuation	1,307,001	2,641,229	3,948,230
Purchases at cost	-	491,228	491,228
Sales proceeds	-	(685,512)	(685,512)
Gain on sales	-	122,993	122,993
Change in unrealised gains	<u>103,704</u>	<u>337,594</u>	<u>441,298</u>
At 31st July 1998: at valuation	<u>1,410,705</u>	<u>2,907,532</u>	<u>4,318,237</u>
Deposits at cost:			
At 31st July 1997			453,537
Funds invested			<u>94,284</u>
At 31st July 1998			<u>547,821</u>
Total Investments			
At 31st July 1998			<u>4,866,058</u>
At 31st July 1997			<u>4,401,767</u>
The original cost of assets included above at valuation was:			
31st July 1998	<u>1,230,941</u>	<u>1,961,355</u>	<u>3,192,296</u>
31st July 1997	<u>1,230,941</u>	<u>2,032,646</u>	<u>3,263,587</u>

Total net unrealised gains at 31st July 1998 amounted to £1,125,940 (1997 - £684,643).

10 Debtors

	1998 £	1997 £
Income tax recoverable	2,026	2,322
Other debtors	7,616	3,644
Prepayments and accrued income	<u>69,185</u>	<u>21,192</u>
	<u>78,827</u>	<u>27,158</u>

11 Creditors: amounts falling due within one year

	1998 £	1997 £
Tax and social security	11,959	8,369
Grants received in advance	4,017	4,449
Fees and rents received in advance	4,722	13,272
Other creditors and accruals	<u>75,418</u>	<u>41,013</u>
	<u>96,116</u>	<u>67,103</u>

Working Men's College Corporation
Notes to the Accounts
For the year ended 31st July 1998 (Continued)

12 Provisions for Liabilities and Charges

Deferred Capital Grants
£
19,160
-
<u>(9,933)</u>
<u>9,227</u>

At 1st August 1997
 Grants received in year
 Released to income in year
 At 31st July 1998

13 Funds

	Capital Funds £	Restricted Funds £	Accumulated Funds £	Total £
a) Reconciliation and analysis of movements				
At 31st July 1997	4,310,806	51,171	74,591	4,436,568
Prior period adjustment	-	-	181,441	181,441
<hr/>				
At 31st July 1997 as restated	4,310,806	51,171	256,032	4,618,009
Movements in the period				
Operating surplus/(deficit)	(8,708)	1,144	(110,159)	(117,723)
Investment gains	559,733	4,557	-	564,290
At 31st July 1998	<u>4,861,831</u>	<u>56,872</u>	<u>145,873</u>	<u>5,064,576</u>
b) Analysis of fund balances between the net assets				
Fixed Assets	148,029	-	26,664	174,693
Investments	4,713,802	48,844	103,412	4,866,058
Other Assets (net)	-	8,028	15,797	23,825
	<u>4,861,831</u>	<u>56,872</u>	<u>145,873</u>	<u>5,064,576</u>

A full listing of the funds would require a statement of excessive length and accordingly the various funds have been grouped. Certain funds have been categorised as "Capital" funds because they are regarded as forming part of the "Capital" of the Corporation, notwithstanding advice that they are not subject to restriction. Some of the 'Restricted' funds are treated as such in deference to the wishes of the donors although legally they may be available for general purposes. Restricted funds may be categorised by purpose as follows:

	£
Prizes and awards	30,290
Library	<u>18,554</u>
	48,844
Student Welfare	<u>8,028</u>
	<u>56,872</u>

14 Capital Commitments

At the year end there were no outstanding commitments for capital expenditure (1997: £nil).