



The Camden College

REGISTRAR OF COMPANIES

**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 2012**



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

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The Board of Governors' Operating and Financial Review

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 Financial Statements of the Working Men's College Corporation (the College) (WMC) for the year ended 31 July 2012

Nature, Objectives and Strategies

Legal Status

The Working Men's College Corporation is a 'Specialist Designated Institution' (SDI) under the Further and Higher Education Act 1992. It is also a company limited by guarantee not having a share capital and it is a registered charity. The College is subject to the legal framework governing the Further Education sector, including the rules set from time to time by the Department for Business, Innovation & Skills (DBIS), the Department for Education (DFE), the Skills Funding Agency (SFA) and the Young People's Learning Agency (YPLA), which was incorporated during the year into the Education Funding Agency (EFA). The College is also subject to the requirements of the Companies Acts and the Charities Act.

The College's financial affairs are governed by Financial Memoranda with the SFA and YPLA/EFA. In addition the College, as a charitable company limited by guarantee, is governed by the charitable company's memorandum and articles of association.

The College is an exempt charity within the meaning of the Charities Act 2011. It also meets the definition of a charitable company for UK corporation tax purposes as set out in Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains covered by the relevant legislation, provided that they are applied to exclusively charitable purposes.

Mission

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

Objectives

Working Men's College aims to:

- Provide an outstanding education for adults, in which all learners can achieve their personal, educational and training goals and maximise their potential
- Provide an inclusive learning environment with all the support necessary to promote equality and diversity, freedom of expression and social responsibility
- Meet the needs of the local communities with programmes which promote community cohesion and address the problems of disadvantage and deprivation, especially by providing opportunities for local residents to improve their language, literacy and numeracy skills

- Work in partnership with the London Borough of Camden, other colleges and providers, local voluntary organisations, funding bodies and others who share our goals
- Work with local employers to meet the demands of a skills-based economy, and with local people to ensure they can get the skills needed to get local jobs
- Celebrate its unique history and engage positively with the past, while finding new ways to pursue its founders' aims into the 21st century

Strategic Planning

The College produced a new three-year development plan for the period 2012-15, which was approved by the Corporation in July 2012. The College's key priorities to 2015 are set out below

- Provide the best possible learning experience
 - Develop an organisational culture that aspires to excellence in all its activities
 - Develop alternative methods of curriculum delivery which add value to the student's learning experience
- Provide disadvantaged communities and groups, especially in Camden, with a second chance at education and the skills and opportunities to get jobs
 - Provide learning opportunities for people and groups who find education hard to reach and whom we have not worked with before
 - Offer high quality provision with liberal arts at its centre to a wide range of diverse learners
- Work with employers and partners
 - Work with local employers, particularly in the Kings Cross area, to develop the skills of their workforce
 - Develop partnerships with local organisations to increase participation in adult education
- Meet the challenge of a financial climate whose only predictable feature is that there will be sharply decreasing public expenditure
 - Diversify the college's income sources, including raising the total fee income to a minimum of 25% of total income
 - Invest in premises/initiatives which will enable this diversification

The College has embarked on a plan to make progress towards these objectives

Ofsted last inspected the College in June 2008. The College's grades are summarised below

- | | |
|------------------------------|-------------|
| • Effectiveness of Provision | Good |
| • Capacity to improve | Outstanding |
| • Achievement and Standards | Good |
| • Quality of Provision | Good |
| • Leadership and Management | Outstanding |

• Equality of Opportunity	Outstanding
• Subject Information & Communications Technology	Good
• Subject Visual Arts	Good
• Subject English for Speakers of Other Languages	Outstanding

The College was granted Beacon status in January 2009 by the Minister for Further Education

The College was expecting its next Ofsted inspection during the academic year 2011/12. However, it did not take place and is now expected on a 2-day notice basis during 2012/13. The college has a rolling plan to remain inspection-ready.

Accommodation Strategy

Phase 1, 2006-08

The College developed an accommodation strategy in 2005, and Phase 1 of this was implemented during 2006-08. The cost of the phase 1 capital works was £4.7m, funded by LSC grants totalling £1.3m, the College's own reserves of £2.0m, and a long term loan of £1.4m. It provided a new building at the rear of the College providing a café and library for students, refurbishment of the old gymnasium to provide new classrooms, internal accessibility to Disability Discrimination Act (DDA) standards, two new lifts and new energy-efficient boilers.

Phase 2 and External Maintenance Works, 2010-12

Phase 2 of the accommodation strategy was carried out during 2010-12. This phase included major external maintenance works carried out during 2010. The works included reconstruction and repair of chimney stacks, sealing and repair of the roofs, renewal and repair of windows and cleaning and repairs to brickwork and stonework.

The new works in phase 2 were carried out during 2011-12 and included a new main entrance incorporating disabled access and a new reception area, new roof space offices for staff, a new internal staircase, linking between different levels within the College and repairs to the boundary wall.

The combined cost of the phase 2 and external maintenance works is expected to be £2.1m, funded by SFA grants (renewal and enhanced renewal) of £0.65m and college reserves of £1.45m. £0.55m of the expenditure was revenue and the remainder capital.

The works were substantially delayed by the poor performance and eventual liquidation in April 2012 of the main contractor. A replacement contractor was found and the works were completed in September 2012.

The sums in these accounts are produced on the basis, backed up by advice received from the college's professional team, that no additional payments are expected to be due to the former contractor's liquidators.

General Financial Objectives

The College's general financial objectives were last revised in 2009/10 and are as follows

- To maintain
 - Cash days greater than 25
 - A current ratio greater than 1.6:1
 - An operating surplus greater than 3% of income
 - Borrowing less than 30% of total reserves plus debt
 - General reserves greater than 100% of income
- To achieve SFA financial health category Outstanding, and to return to category Outstanding within 3 years of any major capital works programme

In 2011/12, 4 out of 6 of the financial objectives were met, as follows

	Outcome	Met
- Cash days greater than 25	75	Yes
- A current ratio greater than 1.6:1	2.02	Yes
- An operating surplus greater than 3% of income	7.08%	Yes
- Borrowing less than 30% of total reserves plus debt	15.9%	Yes
- General reserves greater than 100% of income	85.4%	No
- Financial health category	Outstanding	Yes

The College's cashflow was better than expected due to the delayed completion of the phase 2 accommodation strategy works

Investment Fund Objectives

The College's investment fund financial objectives were formally revised in November 2011 and are as follows

- To review fund management objectives regularly
- To achieve a balance between income and capital growth
- To achieve a total return of inflation +4%
- To seek to invest the funds in the following proportions
 - All in Newton's Global Growth and Income Fund for Charities (GGIFC)

At 31st July 2012, the proportions of investments by type were as follows

- 100% (£3,104k) in the Newton Global Growth & Income Fund for Charities

Performance Indicators

SFA and YPLA/EFA Funding

In 2011/12 the College's expected performance against the Skills Funding Agency's and Young People's Learning Agency/Education Funding Agency's revenue and learner number targets is set out below

Funding Category		Target (SFA/YPLA/EFA contract)	Outturn (Final Claim)	Difference (%)
16-18 Learner- Responsive Funding (YPLA/EFA)	Learner Numbers	6	32	+433%
	SLNs ¹	1 75	15	+769%
	Funding Value	£8,122	£70,545	+769%
	ALS ²	£1,630	£14,158	+769%

16-18 Apprenticeships Funding (SFA)	Funding Value	£17,992	£12,931	-28%
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Adult (19+) Learner- Responsive Funding (including 19+ Apprenticeships) (SFA)	Learner Numbers	- ³	4,102	
	SLNs ¹	- ³	942	
	Funding Value	£2,890,438	£2,924,017	+1 2%
	ALS ²	£196,824	£257,385	+31%

Adult (19+) Safeguarded Learning Funding (SFA)	Funding Value	£229,643	£229,643	0%
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Total	Learner Numbers	- ³	4,134	-
	SLNs ¹	- ³	957	-
	Funding Value including ALS ²	£3,344,649	£3,508,679	+4 9%

1 Standard Learner Numbers approximately a full-time equivalent

2 Additional Learner Support

3 No target set

Overall the College delivered 4.9% in excess of its original contracted funding value for 2011/12. It outperformed its contract in respect of both young people and adults

Once again, the College has expanded its teaching See the table below

Year	SLN Target	Delivery SLN	Diff %
2006/07	677	669	-1%
2007/08	689	703	+2%
2008/09	682	714	+5%
2009/10	758	749	-1%
2010/11	741	810	+9%
2011/12	-	957	+18%

The table below shows changes in effective funding rates across our provision, by comparing total funding received excluding ALS per SLN delivered over the past four years. Overall the rate we have received per SLN has continued to fall back over the period.

	Total contract funding per SLN delivered:				Difference %:
	2008/09	2009/10	2010/11	2011/12	10/11 - 11/12
Total excluding ALS	£4,249	£4,060	£4,006	£3,400	-15%*

This reflects a general tightening over the last three years of funding contracts and rates. In particular, there was a sharp fall in effective funding rates in 2011/12 caused by cuts in rates across the sector and the removal of premium funding for ESOL. These changes have required WMC to make big improvements in its efficiency.

Other Funding

The table below shows the proportion of the College's income received in the form of direct funding council grants.

Year	Direct Grants	Total Income	%
2006/07	£3,009k	£3,724k	81%
2007/08	£3,259k	£4,113k	79%
2008/09	£3,276k	£4,323k	76%
2009/10	£3,273k	£4,647k	70%
2010/11	£3,474k	£4,508k	77%
2011/12	£3,474k	£4,639k	75%

In 2011/12 the College made modest progress in diversifying its funding, with grant funding falling from 77% to 75%. However, some of this was the result of one-off work such as programmes inherited from the former Camden ITEC.

Overall, the value of the College's education contracts changed only slightly from £316k to £288k, a fall from 7% to 6% of total income. However, student fees did increase from £494k to £661k, a rise from 11% to 14% of total income.

Student Performance

The College's students have had another very successful year.

The 2011/12 retention rate aggregated for all college courses was 92.4% (target 93.0%), a rise of 0.1% since 2010/11.

The achievement rate aggregated for all SFA funded courses was 95.6% (target 95.3%), a rise of 0.8% since 2010/11.

The success rate was 88.3% (target 88.5%), a rise of 0.9% since 2010/11.

Financial Position

Financial Results

The College generated a healthy surplus on continuing operations for the year to 31 July 2012 of £328,315. This compares with a surplus on continuing operations of £63,706 for 2010/11 (which did include some exceptional costs)

Despite considerable pressure on the College's finances it has been able to generate an operating surplus for the ninth year in succession

Tangible fixed asset additions during the year totalled £1,063,301 (2010/11 £562,413). Most of this related to buildings in the course of construction, part of the phase 2 accommodation strategy. See Note 9 and the section on the accommodation strategy above

Investments

The worldwide conditions for financial markets continued to improve during 2011/12 after the crash in 2008/09. The College's investment portfolio produced no net realised gains (2010/11 £10,820) but net unrealised gains of £32,492 (2010/11 £239,257). See Note 10

Reserves

As at 31 July 2012, general funds totalled £3,878,476 (2010/11 £3,557,878)

In addition, the 150th Anniversary Appeal Fund, for the future development of the College, totalled £84,915 (2010/11 £84,915)

The College also held restricted funds and endowments totalling £2,877,319 (2010/11 £2,837,110). These funds have been given to the College for particular purposes specified by donors, therefore are not available to the Corporation for general use.

Cash Flows

Operating cash flow was negative for the year, at (£435,314) (2010/11 £955,165, including £800,000 from sales of long term investments). This cash outflow represents the remaining expenditure on phase 2 of the accommodation strategy

Long Term Loans

The College has two existing loans: one with Lloyds TSB for £1,000,000, drawn down in July 2007, and the other with Barclays for £500,000, drawn down in July 2008

At 31st July 2011 the total loan principal outstanding was £1,345,325 (2010/11 £1,393,247), of which £858,895 is owed to Lloyds TSB and £486,430 to Barclays. See Note 12b

Post-Balance Sheet Events**Hampstead Garden Suburb Institute**

The College was approached during the course of 2011/12 by Hampstead Garden Suburb Institute (HGSI), a largely private provider based in East Finchley with a small SFA contract of approximately £500,000 pa. Following financial difficulties and a poor Ofsted inspection, HGSI proposed to give up their SFA contract and become wholly private. They had approached the SFA and had identified WMC as the college best place to continue to deliver their public work, which was mostly ESOL.

Discussions were held between HGSI, WMC and the SFA during the course of the year. It was agreed that a recurrent annual grant totalling £487,459 in the first year would be transferred by the SFA from HGSI to WMC, commencing on 1st August 2012. WMC agreed to take over 5 members of HGSI's staff under TUPE terms on 1st August 2012. That transfer has now taken place.

WMC also made a payment of £45,958 in July 2012 to cover part of HGSI's costs in relation to the grant transfer.

Current and Future Development and Performance**Curriculum Development, Management and Staff Restructuring****Restructuring**

During 2012 the College undertook an evaluation of the Business Development Unit (BDU), which had been set up in 2007 to develop links with business, deliver employability programmes and broaden the college's income base. It concluded that the availability of public grant funding for employability projects is poor, and is likely to remain that way for several years. The contribution by the BDU to the college as a whole over the medium term was very uncertain. Consequently, it was proposed to disband the BDU, and this was completed in July 2012.

Some of the tasks carried out by the BDU were transferred to other departments. The responsibility for apprentices was transferred to the department of Vocational & Foundation Studies. The Marketing Manager post, and the responsibility for marketing, was transferred to report to the Principal. The other BDU posts were made redundant.

Curriculum Changes in 2011/12

Provision covers the full range of levels from entry (mainly Skills for Life) to level 4, with a significant volume of accreditation and well-mapped progression routes.

2011/12 was a year of consolidating efficiency savings, made the previous two years through increased class sizes, decreased teaching hours. As a result of analysis of the equality impact, we returned to offering free concessionary places on nearly all courses. A key new curriculum strategy was implemented in Arts and Humanities where we aimed to grow the short course provision with many new courses that would be SFA fundable, but would also bring in sufficient fee income to cover basis delivery costs.

This strategy was successful and as a result we have substantially expanded the Arts and Humanities programme with a large increase in both total student numbers and fee income. However it has necessitated running a number of courses with lower than optimal numbers, and these will be carefully monitored during the following year to ensure that recruitment grows as they become established.

With the launch of the new Business Development Unit, we aimed to source new contracts and business to replace previous contracts for Train to Gain, Skills for Jobs, Response to Redundancy and Personal Best which had all ended during 2010/11. In particular, growth in the Apprenticeships programme was targeted. In the current economic climate this proved impossible and as a result the Business Development Unit was discontinued at the end of the year. The very small Apprenticeships programme (10 learners) will continue.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 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 2011 to 31 July 2012, 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 where the invoice had been received on time by the College.

Resources

The College has the following significant resources which it can deploy in pursuit of its strategic objectives:

- Tangible resources totalling £6,101,688 (2010/11 £5,299,172), principally related to building works completed in 2008 and 2012 in Phases 1 and 2 of the Accommodation Strategy
- Investments and endowments totalling £3,104,136 (2010/11 £3,051,756)
- Long term debts (>1 year) of £1,290,160 (2010/11 £1,345,325)
- A staff base of 85 (2010/11 79) full-time equivalents, of which 51 (2010/11 48) are teachers. We are continuing to invest in the professional development of our staff.
- A strong reputation locally, based on the quality of our services, the breadth of our community involvement and the continuing interest in our long and distinguished history.

Principal Risks and Uncertainties

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the strategic plan, the Risk Management Group (RMG) undertakes a termly review of the risks to which the College is exposed. This information is held in a Risk Register.

The Risk Register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. The register also identifies systems, procedures and actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent meeting of the RMG will check their effectiveness and the progress made.

The Risk Register is also reviewed termly by the Audit Committee.

Outlined below is a description of the highest rated risk factors that could affect the College, as identified by the Risk Management Group in May 2012. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

Poor financial outturns caused by failure to make the necessary changes to deal with likely funding cuts over the next 3 years

The outlook for the FE sector is still very uncertain. The college has suffered significant cuts in funding rates over the past two years, but not yet cuts in overall grant levels. It is looking to improve its marketing, implement further efficiency gains and expand fee-paying provision in order to mitigate the effect of possible future cuts.

Poor inspection result

The effect of a poor inspection result would be very significant for the college, especially in terms of its ability to bid for extra funding and defend the continuing role of SDIs. It has refined its already strong quality improvement systems, restructured management lines to improve communication and has implemented a comprehensive inspection action plan to ensure it remains inspection-ready.

Failure to innovate, find new contracts and funding streams and exploit existing funding streams

Cuts in the college's funding are expected during the coming three years, with ESOL provision the most vulnerable. The college has been looking to make bids for additional funding wherever possible, for example in apprenticeships, and to leverage its existing funding streams by shifting towards more fee paying courses.

Stakeholder Relationships

The Working Men's College has an extensive range of relationships with local people and groups. These include our students and staff, funding bodies, especially the Skills Funding Agency, the London Borough of Camden, a range of local employers, local community groups, the other SDIs, especially the three based in London, and local FE colleges.

Community Responsiveness and Employer Engagement

WMC has been implementing a successful community engagement strategy for many years, we have established provision at 24 local outreach venues, and built a number of proactive

partnerships and close working relationships with the voluntary and community sector in central Camden. The community provision continues to take provision to students who would not otherwise access the College. Partners include community centres, refugee organisations, primary and secondary schools, tenants' associations, a housing trust, a local hospital, health centres, Camden Adult & Community Learning, the British Museum and local employers. These working relationships help identify and target disadvantaged learners in Camden. This year there has been very little additional funding to support this work, but it has continued with SFA funding, as a key part of the college mission.

The focus for our work is on ensuring local people have the opportunity to gain local employment and to this end we have been targeting the public sector, in particular Camden Council and Primary Care Trust, the King's Cross redevelopment and projects coming from the voluntary and community sectors. We also work with a wide range of voluntary and other organisations which provide specialist support to students to build self confidence and facilitate progression to work related training and employment, e.g. Camden Mind and Camden Carers.

Unfortunately, due to lack of funding opportunities it has not yet been possible to replace the major employability initiatives we were involved in 2010/11 (Response to Redundancy, Skills for Jobs, Personal Best and Camden's LAA funded employability work). This has had a negative impact on our previously thriving employer engagement activity. However we maintain communication and have built new employer relationships as opportunities have arisen, and remain optimistic about rebuilding this provision when we identify alternative funding.

Educational Links

The College has a wide variety of strategic links with other educational institutions.

The SFA (Skills Funding Agency) is our principal funder, and we are also funded by the EFA (Education Funding Agency) for 16-18s.

The London 4 group of SDIs – the Working Men's College, the Mary Ward Centre, City Lit and Morley College – have a very long standing partnership which is used in a variety of constructive ways to address national, regional and local priorities.

Middlesex University has a partnership with the College to deliver our Foundation Degree, enabling students to progress to Middlesex to complete the work to obtain an Honours degree.

Staff and Student Involvement

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

The Corporation includes three staff members and two student members, and Quality and Standards Committee includes all academic managers and three student members. Staff and student bulletins and newsletters, are produced regularly, and the College Intranet is used to facilitate communication with staff. Most of the working parties and development groups within the College include staff and student representation. Sometimes it is difficult to secure

the level of staff and student participation that is desirable because of the high proportion of teaching staff and students who are part-time

The College has a well-developed student involvement policy, with a set of Student Representatives who are widely involved in College events, and meet regularly with College managers to give student feedback

Equality of Opportunity

The College's Policy on Equal Opportunities meets the requirements of the Race Relations Amendment Act 2000, Disability Discrimination Act 2005 and the Sex Discrimination Act as amended by the Equality Act 2006. WMC takes active steps to promote positive equality of opportunity in all aspects of its operations and the removal of discrimination within the college. WMC is strongly committed to inclusive education and addressing the needs of students. The College's Equal Opportunities Policy is published on its web site.

The College is committed to promoting equality of opportunity in all aspects of its operations. It recognises its legal responsibilities and is committed to taking all reasonable steps to ensure there is no discrimination against any student, member of staff or the public, on the grounds of race, disability, gender, religion/belief, sexual orientation and age. Monitoring systems have been introduced and performance targets identified. The College has established an Equality & Student Involvement Steering Group to progress this work, together with a Disability Forum which specifically addresses issues relating to students and staff with disabilities and learning difficulties.

Employment of Disabled Persons

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

The College's mission is to be a learner-centred college dedicated to providing 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.

As part of its commitment to Inclusive education and equality of opportunity the College welcomes students with learning difficulties and disabilities. We endeavour to be flexible and match the learning support to each student's individual needs as set down in the Disability Discrimination Act 2005.

The aims of the College include

- identifying and responding to individual student needs, to continually improve students' learning experience
- ensuring all students achieve their full potential through the provision of a high quality student centred learning environment
- actively promoting equality of opportunity for all students

- ensuring appropriate steps are taken to guarantee that a disabled student is not placed at a substantial disadvantage in comparison with a student who is not disabled

This statement outlines the application process prospective students, carers and helpers should use when applying for a place at the College, and explains how to find out whether the College can support specific needs

Scope

If a student has a learning difficulty or disability, they may be entitled to extra support to help achieve their learning goals. Examples of disabilities include, but are not restricted to

- physical disability
- hearing impairment
- visual impairment
- specific learning difficulty such as dyslexia
- learning difficulty
- mental health
- chronic conditions such as ME

Signed on behalf of the Corporation

Date

12/12/12

Chair



TOM SCHULLER

Professional Advisors

Financial Statements & Regularity Auditors	Internal Auditors
Buzzacott LLP 130 Wood Street London EC2V 6DL	MHA MacIntyre Hudson New Bridge Street House 30-34 New Bridge Street London EC4V 6BJ
Investment Managers	Solicitors
Newton Investment Management Limited BNY Mellon Centre 160 Queen Victoria Street London EC4V 4LA	Bates, Wells & Braithwaite 2-6 Cannon Street London EC4M 6YH
Loan Finance	Loan Finance
Barclays Bank Education Team Level 27, 1 Churchill Place London E14 5HP	Lloyds Bank Wholesale Banking & Markets 4 th Floor, 25 Gresham Street London EC2V 7HN
Bankers	Surveyors
Barclays Bank Education Team Level 27, 1 Churchill Place London E14 5HP	Hamson Partnership Limited Hayworthe House, Market Place Haywards Heath West Sussex RH16 1DB
Services Engineers	Structural Engineers
Norman Bromley Partnership LLP Bridge House, 97-101 High Street Tonbridge Kent TN9 1DR	Glanville Cornerstone House, 62 Foxhall Road Didcot Oxon OX11 7AD
Project Advisor	Architects
Michael Mitchell 71 Durham Road London N2 9DR	Paul Murphy Architects The Foundry, 7 Glenthorne Mews London W6 0LJ
Quantity Surveyors	Tax Advisors
Fanshawe The Foundry 9-15 Dereham Place London, EC2A 3HJ	Davies Mayers Barnett LLP Pillar House 113-115 Bath Road Cheltenham, Glos GL53 7LS
Solicitors (Building Project)	
MCMS 45 Tabernacle Street London, EC2A 4AA	

Statement of Corporate Governance and Internal Control

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

In the opinion of the Corporation, the College complies with all the provisions of the Combined Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2012.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The English Colleges' Foundation Code of Governance issued by the Association of Colleges in December 2011, which it formally adopted on July 18th 2012.

Governors of the Corporation

The governors who served on the Corporation during the year ending 31st July 2012 and up to the date of signature of this report are listed below. Resignations and appointments during the year are indicated by *

Name	Date of (Re-) Appointment	Date First Appointed	Term of Office	Date of Resignation	Status of Appointment	Committees
Margaret Alexander	31/03/2011	16/03/2005	3 Years		Appointed	A, Q(Ch), S
Kate Bell (Vice Chair)	28/03/2010	16/07/2008	3 Years		Appointed	F, R, S
Barbara Burman	07/07/2010	16/07/2008	3 Years		Appointed	Q
Philip Badman	14/12/2011	14/12/2011	3 Years		Appointed	A(Ch from 18/07/2012)
Les Coupland	31/03/2011	31/03/2010	1 Year	28/03/2012	Nominated Student	A, Q
Lucy de Groot (Vice Chair)	28/03/2012	28/03/2007	3 Years		Appointed	F, R, S
Nigel Franklin	31/03/2011	Pre-31/12/1991	3 Years		Appointed	F, Q
Satnam Gill	01/02/1999	01/02/1999	Ex Officio		Principal	F, Q, S
Ruth Hawthorn	31/03/2011	24/03/2004	3 Years		Appointed	Q
Hugh Ifill	31/03/2011	31/03/2011	1 Year	28/03/2012	Nominated Student	Q
Martin Jones (Vice Chair)	28/03/2012	12/12/2001	1 Year		Appointed	A(Ch to 18/07/2012), R, S
Shingo Nakatani	13/07/2011	16/03/2005	3 Years		Nominated T Staff	Q
Kazi Nessa	15/12/2010	15/12/2010	3 Years		Nominated Bus Staff	-
David Offenbach	07/07/2010	17/10/2001	3 Years		Appointed	F(Ch), S
Abdul Quadir	31/03/2011	17/07/2002	3 Years		Appointed	F

Erik Richards	28/03/2012	28/03/2012	1 Year		Nominated Student	A, Q
Roger Robinson	28/03/2012	18/11/2006	3 Years	19/07/2012	Appointed	-
Tom Schuller (Chair)	07/07/2010	17/12/2008	3 Years		Appointed	R, S
Ivy Simmonds	28/03/2012	28/03/2012	1 Year		Nominated Student	Q
Paula Whittle	07/07/2010	15/07/2009	3 Years		Appointed	Q

Key to committees

A	Audit	R	Remuneration
S	Search	Q	Quality and Standards
H	Health & Safety	F	Finance, Personnel and Development
(Ch)	Committee Chair		

There were two Appointed Governor Vacancies as at 31/07/2012

The Articles of Association for WMC Corporation were last amended and approved by the Department of Business, Innovation and Skills (BIS) and adopted by the Corporation on 07/07/2010

The Revised Articles of Association included provision for retirement by rotation for Appointed Governors, organised via three cohorts to avoid uneven bunching of consideration of re-appointments. Given the establishment of a cohort system, existing governors were placed into three staggered Cohorts at the 07/07/2010 Board meeting. Appointments were made initially to be for a term of office of one, two or three years based on the length of time since governors were first appointed. Subsequently, any re-appointment would usually revert to three-year terms of office. This process has completed such that all Appointed Governors currently serving are appointed to three separate cohorts for a three year term of office and subject to retirement by rotation arrangement, whereby a third of the governing body is retired each year, albeit that members retiring can be considered for re-appointment.

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.

The Working Men's College Corporation is a Company limited by Guarantee and its appointed governors are also Members of the company. Every member undertakes to contribute to the assets of the company 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.

Alan Conway is the Clerk to the Corporation and Company Secretary.

Fellows of the College

Fellows are honorary appointments of between 5 and 7 years, intended for former or retiring governors, or other people who have served the College with distinction, or whose association may benefit the College. The Corporation Fellows are shown below.

Name	Date Appointed	Term of Office
Michael Laschinger	31/03/2010	(6 Years) – Michael Laschinger passed away on 17/06/2012
Selwyn Midgen	31/03/2010	6 Years
Bipin Patel	30/ 03/2011	6 Years
Dame Ruth Silver	31/03/2010	6 Years
Baroness Janet Whitaker	31/03/2010	6 Years

Role of the Corporation

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 full Corporation meets at least termly, and two Strategy Days were held in November 2011 and May 2012. The other committees meet at least once each term with the exception of the Search and Remuneration Committees which meet as required with Remuneration Committee meeting on at least on one occasion a year

The Corporation conducts its business through a number of committees, each chaired by a Governor. 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 Standards Committee
- Remuneration Committee
- Search Committee

Full minutes of all meetings, except those deemed by the Corporation to be confidential, are available from the Clerk to the Corporation, Alan Conway, at

Working Men's College
44 Crowndale Road
London
NW1 1TR

Minutes for Corporation and Corporation AGM meetings can be downloaded from the Governors page of the College Website
<http://www.wmcollege.ac.uk/pages/working-mens-college-governors.aspx>

The Governors receive no remuneration for their services, but are entitled to claim out of pocket expenses. Out of pocket expenses for travel, subsistence and other costs totalling £14.55 was claimed by one governor in the year to 31 July 2012 (£162 in 2010/11, claimed by two governors). 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 him.

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, evaluation and removal of the Clerk are matters for the Corporation as a whole.

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

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.

There is a clear division of responsibility as the roles of the Chair of the Corporation and Principal of the College are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search Committee comprised of seven 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 induction and training is provided as required. Members of the Corporation are appointed initially for a term of office not exceeding three years.

Remuneration Committee

The Remuneration Committee comprises five 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 2012 are set out in note 6 to the financial statements.

Audit Committee

The Audit Committee comprises four governors (excluding the Principal and Chair). The committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on its adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes.

The Audit Committee meets 3 times during the year and provides a forum for reporting by the College's internal and financial statements 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 Skills Funding Agency as they affect the College's business.

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

Management is responsible for the implementation of agreed audit recommendations, and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented

The Audit Committee also advises the Corporation on the appointment of internal and financial statements auditors and their remuneration for both audit and non-audit work. The appointment of financial statements auditors is an item of business for the WMC Corporation AGM

Internal Control

Scope of Responsibility

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Corporation has delegated the day to day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between the College and the Skills Funding Agency. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place within Working Men's College for the year ended 31 July 2012 and up to the date of approval of the Annual Report and Financial Statements.

Capacity to Handle Risk

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for

the period ending 31 July 2012 and up to the date of approval of the Annual Report and Financial Statements. This process is regularly reviewed by the Corporation.

The Risk and Control Framework

The system of internal 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 relevant 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 internal auditors provide the governing body with a report on internal audit activity in the College. The report includes their 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.

Review of Effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The Principal's review of the effectiveness of the system of internal control is informed by

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

The Principal has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the audit committee which oversees the work of the internal auditor, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The College's Senior Management Team (SMT) receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The SMT and the audit committee also receive regular reports from

internal audit, which include recommendations for improvement. The audit committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the SMT and the audit committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. Audit Committee receives a report from the Risk Management Group at each of its meetings. The report updates the Risk Register, which is then recommended for adoption by the Corporation. At its December 2012 meeting the Corporation will carry out the annual assessment for the year ended 31 July 2012 by considering documentation from the SMT and internal audit, and taking account of events since 31 July 2012.

Public Benefit

The Governors of the Corporation confirm that they have considered the Charity Commission's general guidance on public benefit when reviewing the College's aims and objectives and in planning future activities and setting policies for the year.

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 the going concern basis has been used in preparing the financial statements for the year ended 31 July 2012.

Signed



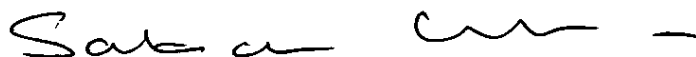
Date

12/12/12

Chair

Tom Schuller

Signed



Date

12 / 12 / 12

Principal

Satnam Gill

Statement of the Responsibilities of the Governors of the Corporation

The Governors of the Corporation (who are also the directors of the company for the purpose of the Companies Act and trustees for the purposes of the Charities Acts) are required to present audited financial statements for each financial year

Within the terms and conditions of the Financial Memorandum agreed between the Skills Funding Agency and the Corporation of the College (the Corporation) through the Principal, the Corporation is required to prepare financial statements for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education 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 also required to prepare a Governors' Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College

The Corporation is responsible for ensuring that adequate accounting records that disclose with reasonable accuracy at any time the financial position of the College and enable them to ensure that the financial statements comply with the Companies Act 2006 are kept. The Corporation is also responsible for ensuring that the assets of the College are safeguarded and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Each of the Governors of the Corporation confirms that

- so far as the Governor is aware, there is no relevant audit information of which the College's auditors are unaware, and
- the Governor has taken all steps that they ought to have taken as a director/trustee in order to make themselves aware of any relevant audit information and to establish that the College's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

The maintenance and integrity of the Working Men's College website is the responsibility of the governing body of the college, the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any

changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Governors of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the SFA are used only in accordance with the Financial Memorandum with the SFA and any other conditions that the SFA may prescribe from time to time. Governors 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, governors 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 SFA are not put at risk.

Signed on behalf of the Corporation

Date

12/12/12

Chair

Tom Schuller



Independent auditors' report to the Members of the Corporation of Working Men's College

We have audited the financial statements of Working Men's College for the year ended 31 July 2012 which comprise the income and expenditure account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of the Governors of the Corporation of Working Men's College and auditors

As explained more fully in the Statement of Responsibilities, the Governors of the Corporation (who are also the directors of the company for the purposes of company law) are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Boards' (APB's) Ethical Standards for Advisors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the College's affairs as at 31 July 2012 and of the College's deficit of income over expenditure, for the year then ended,
- have been properly prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions,
- have been prepared in accordance with the Companies Act 2006, and
- the information given in the Board of Governors Operating and Financial Review is consistent with the financial statements

Matters on which we are required to report by exception

- We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion
- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanation we require for our audit


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

In our opinion

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



**Katharine Patel, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL**



Date

Independent auditors' report on regularity to the Members of the Corporation of the Working Men's College ('the Corporation') and the Skills Funding Agency ('the SFA')

In accordance with the terms of our engagement letter dated 2 April 2008 and further to the requirements of the SFA, we have carried out a review to obtain assurance about whether, in all material respects, the expenditure and income of Working Men's College ('the College') for the year ended 31 July 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

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

Respective responsibilities of the Governors of the Corporation of Working Men's College and auditors

The College's Corporation is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations, for ensuring that expenditure and income are applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the Audit Code of Practice and the Regularity Audit Framework issued by the SFA. We report to you whether, in our opinion, in all material respects, the College's expenditure and income for the year ended 31 July 2012 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Basis of opinion

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

Opinion

In our opinion, in all material respects the expenditure and income for the year ended 31 July 2012 has been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.



Buzzacott LLP
Chartered Accountants and Statutory Auditors
130 Wood Street
London EC2V 6DL



Date

Working Men's College Corporation
Income and Expenditure Account for the year ended 31 July 2012

	Notes	Year ended 31 July 2012 £	Year ended 31 July 2011 £
Income			
Funding Council grants	1	3,474,491	3,473,834
Tuition fees and education contracts	2	949,600	809,453
Other income	3	87,043	80,240
Investment income (including income on endowment funds)	4	127,745	144,255
Total Income		4,638,879	4,507,782
Expenditure			
Cost of generating funds		18,971	5,902
Staff costs	5	2,898,803	2,783,115
Other operating expenses	7	1,055,038	887,959
Interest payable	7	76,967	78,635
Depreciation	9	260,785	266,744
Total Expenditure		4,310,564	4,022,355
Surplus before non-recurring items		328,315	485,427
Non - recurring items			
Grant for major maintenance project		-	225 000
Costs of major maintenance project	7	-	(437 064)
Write off loan to Camden ITEC	14	-	(209,657)
Surplus on continuing operations before tax		328,315	63,706
Taxation	8	-	-
Surplus on continuing operations after tax		328,315	63,706

The income and expenditure account is in respect of continuing activities

Working Men's College Corporation

Statement of Total Recognised Gains and Losses for the year ended 31 July 2012

	Notes	Year ended 31 July 2012 £	Year ended 31 July 2011 £
Surplus on continuing operations after depreciation of assets at valuation and tax		328,315	63,706
Realised gains on disposal of investments	10c	-	10,820
Unrealised gains on investments	10c	32,492	239,257
Total recognised gains relating to the period		360,807	313,783
Reconciliation			
Opening reserves and endowments		6,479,903	6,166,120
Total recognised gains for the year		360,807	313,783
Closing reserves and endowments		6,840,710	6,479,903

Statement of Historical Cost Surpluses and Deficits for the year ended 31 July 2012

	Year ended 31 July 2012 £	Year ended 31 July 2011 £
Total recognised gains relating to the period	360,807	313,783
Less unrealised gains on investments	(32,492)	(239,257)
Difference between gains on disposal of investments on a historical cost basis and gains on disposal based on revalued amounts	(5,635)	(16,455)
Historical cost surplus for the year before taxation	322,680	58,071
Historical cost surplus for the year after taxation	322,680	58,071

Working Men's College Corporation
Balance Sheet as at 31 July 2012

	Notes	31 July 2012 £	31 July 2012 £	31 July 2011 £	31 July 2011 £
Fixed assets					
Tangible fixed assets	9	6,101,688		5,299,172	
Investments	10a	<u>1,822,438</u>		<u>1,802,967</u>	
			7,924,126		7,102,139
Endowment assets	10b		<u>1,281,698</u>		<u>1,248,789</u>
			9,205,824		8,350,928
Current assets					
Debtors	11	287,758		346,946	
Cash at bank and in hand		<u>956,303</u>		<u>1,391,505</u>	
		1,244,061		1,738,451	
Creditors amounts falling due within one year	12	<u>(617,123)</u>		<u>(505,135)</u>	
Net current assets			626,938		1,233,316
Total Assets less Current Liabilities			<u>9,832,762</u>		<u>9,584,244</u>
Creditors amounts falling due after more than one year					
Bank Loan	12a		(1,290,160)		(1,345,325)
NET ASSETS			<u><u>8,542,602</u></u>		<u><u>8,238,919</u></u>
Deferred capital grants	13		1,701,892		1,759,016
Endowments					
Specific	15	182,701		160,170	
General	15	<u>1,098,997</u>		<u>1,088,619</u>	
		1,281,698		1,248,789	-
Reserves					
Restricted reserve	16	1,595,621		1,588,321	
General reserve	16	3,878,476		3,557,878	
Designated Fund-150th Anniversary Appeal Fund	16	<u>84,915</u>		<u>84,915</u>	
		5,559,012		5,231,114	
			6,840,710		6,479,903
TOTAL			<u><u>8,542,602</u></u>		<u><u>8,238,919</u></u>

The financial statements on pages 27 to 43 were approved by the Governing Body on 12/12/2012 and were signed on its behalf by -

Principal

SATNAM GILL

Chair

TOM SCHOLLER

Working Men's College Corporation
Cash Flow Statement for the year ended 31 July 2012

	Notes	Year ended 31 July 2012 £	Year ended 31 July 2011 £
Cash flow from operating activities	17	645,131	104,069
Returns on investments and servicing of finance	18	50,778	144,255
Capital expenditure and financial investment	19	(1,083,301)	706,841
Financing		(47,922)	(32,540)
(Decrease)/Increase in cash in the period	20	<u>(435,314)</u>	<u>955,165</u>

Reconciliation of net cash flow to movement in net funds/(debt)

(Decrease)/Increase in cash in the period	20	(435,314)	922,625
Cash outflow from repayment of borrowings		47,922	32,540
Movement in net funds in period		<u>(387,392)</u>	<u>955,165</u>
Net debt at 1 August	20	(1,628)	(956,793)
Net funds/(debt) at 31 July	20	<u>(389,020)</u>	<u>(1,628)</u>

Notes to the Financial Statements for the year ended 31 July 2012

Statement of Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice Accounting for Further and Higher Education 2007 (the SORP) and in accordance with applicable Accounting Standards. They conform to guidance published by the Skills Funding Agency ('the SFA'), in the Accounts Direction Handbook.

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 2006 regarding the format of the financial statements 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

Tuition fee income 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.

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Non-recurrent grants from the SFA 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.

Post-Retirement Benefits

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and a group personal pension scheme

Contributions to the TPS, which is a final salary scheme, are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 21, the TPS is a multi employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

Contributions to the group personal pension scheme, which is not a final salary 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 | - 2% per year for new buildings,
5% per year for existing buildings |
| • Building improvements | - 10% per year |
| • Technical equipment | - 25% per year |
| • Computer hardware | - 33 ¹ / ₃ % per year |
| • Computer software | - 33 ¹ / ₃ % per year |
| • Furniture, fixtures and fittings | - 16 ² / ₃ % per year |

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2012. They are not depreciated until they are brought into use.

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.

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Market value of the fixed asset has subsequently improved
- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the asset's life beyond that conferred by repairs and maintenance

Leased assets

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

Investment policy

Investments are included on the balance sheet at their market value, as provided by the investment manager, at the end of the financial period. Realised and unrealised gains (or losses) are credited (or debited) to the statement of total gains and losses in the year in which they arise.

Maintenance of premises

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

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College receives no similar exemption in respect of Value Added Tax. For this reason the College is generally unable to recover input VAT it suffers on goods and services purchased. Non-pay expenditure is therefore shown inclusive of VAT with any partial recovery netted off against these figures.

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.

Learner Support Fund

The Learner Support Fund grant from the SFA is 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, except for the 5 per cent of the grant received which is

available to the College to cover administration costs relating to the grant. The College does not employ a member of staff dedicated to the administration of Learner Support Fund applications and payments, though staff from both the Students Services and Finance teams work closely to ensure compliance with the guidance for the use and disbursement of these funds.

Contributions from other bodies towards the Learner Support Fund are treated in the same way as the grant from the SFA, except that the percentage of administration costs available to the College vary according to each funder's conditions.

Working Men's College Corporation

1 Funding Council grants

	Year ended 31 July 2012 £	Year ended 31 July 2011 £
Recurrent grants	3,430,823	3,430,064
Release of deferred capital grants (note 13)	35,361	35,361
Other funds	8,307	8,409
	3,474,491	3,473,834

2 Tuition fees and education contracts

	Year ended 31 July 2012 £	Year ended 31 July 2011 £
UK Further Education students	583,944	412,463
UK Higher Education students	61,500	65,000
European Union (EU) (excluding UK) students	12,369	15,644
Non-EU students	3,298	536
Total fees paid by or on behalf of individual students	661,112	493,643
Education contracts	288,488	315,810
	949,600	809,453

3 Other income

	Year ended 31 July 2012 £	Year ended 31 July 2011 £
Release of deferred capital grants (non Funding Council) (note 13)	21,763	31,745
Rental income	38,748	36,863
Donations	20,108	160
Other income	6,424	11,472
	87,043	80,240

4 Investment income (including income on endowment funds)

	Year ended 31 July 2012 £	Year ended 31 July 2011 £
Investment income Endowment	81,787	92,976
Investment income Unrestricted funds	39,048	43,754
Other interest receivable	6,910	7,525
	127,745	144,255

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 2012 Number	Year ended 31 July 2011 Number
Teaching departments - teaching staff	51	48
Teaching departments - other staff	8	7
Teaching support services	5	6
Administration and central services	17	16
Premises	4	2
	85	79

Staff costs for the above persons

	Year ended 31 July 2012 £	Year ended 31 July 2011 £
Wages and salaries	2,460,895	2,321,402
Social security costs	191,050	184,483
Other pension costs	205,851	203,571
	2,857,796	2,709,456
Agency staff	20,474	2,032
Staff restructuring	20,533	71,627
	2,898,803	2,783,115

Teaching departments -teaching staff	1,465,375	1,299,724
Teaching departments -other staff	188,692	194,477
Teaching support services	296,281	267,545
Administration and central services	880,972	913,484
Premises	46,950	36,258
Staff restructuring	20,533	71,627
Total	2,898,803	2,783,115

	Year ended 31 July 2012 £	Year ended 31 July 2011 £
Employment costs for staff on permanent contracts	2,211,455	2,215,444
Employment costs for staff on short-term and temporary contracts	646,341	494,012
Agency staff	20,474	2,032
Staff restructuring	20,533	71,627
	2,898,803	2,783,115

The number of senior post-holders and other staff who received emoluments, including pension contributions and benefits in kind, in the following ranges was

	Senior post-holders		Other staff	
	Year ended 31 July 2012	Year ended 31 July 2011	Year ended 31 July 2012	Year ended 31 July 2011
£ 50,001 to £ 60,000	1	-	1	1
£ 70,001 to £ 80,000	-	1	-	-
£ 80,001 to £ 90,000	2	2	-	-
£ 120,001 to £ 130,000	1	1	-	-
	4	4	1	1

Working Men's College Corporation

6 Senior post-holders' emoluments

Senior post-holders are defined as the Principal and holders of the other senior posts whom the Governing Body has selected for the purposes of the articles of government of the College relating to the appointment and promotion of staff who are appointed by the Governing Body

	Year ended 31 July 2012	Year ended 31 July 2011
	Number	Number
The number of senior post-holders including the Principal was	47	47
Senior post-holders' emoluments are made up as follows	£	£
Salaries	341,338	354,833
Benefits in kind	3,120	6,283
Pension contributions	46,117	48,031
Total emoluments	390,575	409,147

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

	Year ended 31 July 2012	Year ended 31 July 2012
	£	£
Salary	110,758	108,540
Benefits in kind	780	754
	111,538	109,294
Pension contributions	15,617	15,304

The pension contributions in respect of the Principal and senior post-holders are in respect of employer's contributions to the Teachers Pension Scheme for four senior postholders (2010/11 - four) and the College's group personal pension scheme for 0.7 employees (2010/11 - 0.7) and are paid at the same rates as for other employees

The members of the Corporation other than the Principal and the staff members did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties. Out of pocket expenses for travel and subsistence totalling £15 (2010/11 - £162) were claimed by 1 Governor (2010/11 - two) in the year to 31 July 2012

Senior post-holders, including the Principal and other higher paid staff, received a pay increase of between 1 and 4% in line with the general pay award

Overseas activities

None of the Governors, senior postholders or other staff were involved in any overseas activity on behalf of the College during the year ended 31 July 2012 (2010/11 - none)

7 Other operating expenses

	Year ended 31 July 2012	Year ended 31 July 2011
	£	£
Teaching departments	104,635	170,004
Teaching support services	20,517	26,475
Other support services	32,898	27,761
Administration and central services	299,527	256,547
General education	185,156	153,632
Premises costs Running costs	229,349	198,337
Premises Costs Leighton Place	78,706	-
Payment to HGSI	45,958	-
Premises costs Maintenance	58,292	55,203
	1,055,038	887,959
Major maintenance project	-	437,064
Sub total	1,055,038	1,325,023
Write off inter company loan	-	209,657
Property Loan Interest payable	76,967	78,635
Total	1,132,005	1,613,315

Working Men's College Corporation
7 Other operating expenses (continued)

Other operating expenses include	Year ended 31 July 2012 £	Year ended 31 July 2011 £
Auditors' remuneration		
Financial statements audit	15,060	14,820
Regularity audit	4,080	4,020
Internal audit	14,405	14,230

8 Taxation

The College has charitable status for taxation purposes and the Governors or the Corporation consider that all 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

	Land and buildings			Equipment		
	Freehold land and buildings £	Building improve- ments £	Assets in the course of construction £	Computer equipment £	Furniture, fixtures & equipment £	Total £
Cost						
At 1 August 2011	5,091,684	322,492	497,903	337,359	318,917	6,568,355
Additions	-	48,868	870,925	91,278	52,230	1,063,301
Eliminations	-	-	-	-	-	-
At 31 July 2012	5,091,684	371,360	1,368,828	428,637	371,147	7,631,656
Depreciation						
At 1 August 2011	490,951	262,946	-	265,589	249,697	1,269,183
Charge for year	107,178	33,673	-	83,996	35,938	260,785
Eliminations	-	-	-	-	-	-
At 31 July 2012	598,129	296,619	-	349,585	285,635	1,529,968
Net book value						
At 31 July 2012	4,493,555	74,741	1,368,828	79,052	85,512	6,101,688
Net book value						
At 1 August 2011	4,600,733	59,546	497,903	71,770	69,220	5,299,172

Working Men's College Corporation

10 Fixed asset investments and endowment assets

	Year ended 31 July 2012 £	Year ended 31 July 2011 £
a) Fixed asset investments		
Market value of listed investments at 1 August 2011	1,802,853	2,450,008
Additions	-	400,000
Disposals proceeds	-	(1,200,002)
Realised gains on disposal of investments	-	10,820
Unrealised gains	19,583	142,027
Market value of listed investments at 31 July 2012	<u>1,822,436</u>	<u>1,802,853</u>
Cash held by investment managers - capital account	2	114
Total portfolio value at 31 July 2012	<u>1,822,438</u>	<u>1,802,967</u>
Cost of listed investments at 31 July 2012	<u>2,219,285</u>	<u>2,219,285</u>
Total net unrealised (losses) at 31 July 2012 included above	<u>(396,849)</u>	<u>(416,532)</u>
b) Endowment assets		
Market value of listed investments at 1 August 2011	1,248,789	1,151,559
Additions	20,000	-
Unrealised gains	12,909	97,230
Market value of listed investments at 31 July 2012	<u>1,281,698</u>	<u>1,248,789</u>
Cash held by investment managers - capital account	-	-
Total portfolio value at 31 July 2012	<u>1,281,698</u>	<u>1,248,789</u>
Cost of listed investments at 31 July 2012	<u>1,289,950</u>	<u>1,289,950</u>
Total net unrealised (losses) at 31 July 2012 included above	<u>(8,252)</u>	<u>(41,161)</u>
c) Total fixed asset investments and endowment assets		
Market value of listed investments at 1 August 2011	3,051,642	3,601,567
Additions	20,000	400,000
Disposals proceeds	-	(1,200,002)
Realised gains on disposal of investments	-	10,820
Unrealised gains	32,492	239,257
Market value of listed investments at 31 July 2012	<u>3,104,134</u>	<u>3,051,642</u>
Cash held by investment managers - capital account	2	114
Total portfolio value at 31 July 2012	<u>3,104,136</u>	<u>3,051,756</u>
Represented by		
Listed investments		
Pooled investment vehicles	<u>3,104,134</u>	<u>3,051,642</u>
Cash balances	<u>2</u>	<u>114</u>
Total	<u>3,104,136</u>	<u>3,051,756</u>

At 31 July 2012 listed investments included the following holding deemed material when compared with the overall portfolio valuation as at that date

	Market value £	% of portfolio value
Newton Global Growth & Income Fund for Charities	3,104,134	100.0%

Working Men's College Corporation
11 Debtors

	31 July 2012 £	31 July 2011 £
Amounts falling due within one year		
Trade debtors	138,428	245,786
Other debtors	7,019	5,079
Prepayments and accrued income	142,311	96,081
Total	287,758	346,946

12 Creditors amounts falling due within one year

	31 July 2012 £	31 July 2011 £
Payments received in advance	211,121	80,601
Trade creditors	109,840	69,339
Other taxation and social security	59,346	57,608
Accruals	136,460	179,267
Bank Loan (note 12b)	55,165	47,922
Other creditors	45,191	70,398
Total	617,123	505,135

12a Creditors amounts falling due after more than one year

Lloyds Loan	822,879	859,019
Barclays Loan	467,281	486,306
Total Bank Loans	1,290,160	1,345,325

12b Bank Loans

	Barclays £	Lloyds £	Total 31 July 2012 £	Total 31 July 2011 £
In one year or less	19,149	36,016	55,165	47,922
Between one and two years	20,151	38,419	58,570	55,165
Between two and five years	67,338	128,317	195,655	185,452
In five years or more	379,792	656,143	1,035,935	1,118,402
Sub Total	467,281	822,879	1,290,160	1,345,325
Total	486,430	858,895	1,345,325	1,393,247

Capital and fixed interest at 5.485% on the Lloyd TSB bank loan are repayable by quarterly instalments falling due between 3rd December 2007 and 1 December 2027. Capital and fixed interest at 5.73% on the Barclays bank loan are repayable by quarterly instalments falling due between 14 November 2011 and 14 August 2028.

13 Deferred capital grants

	At 1 August 2011 £	Cash received £	Released to income and expenditure account £	31 July 2012 £
Funding body				
Building improvements	1,737,253		(35,361)	1,701,892
Other grants				
Computer equipment	21,763	-	(21,763)	
Total	1,759,016	-	(57,124)	1,701,892

14 Loan to Camden ITEC

In August 2010 WMC agreed to invest up to £100k in Camden ITEC, a training organisation based in Kentish Town catering primarily for disadvantaged 14-18 year-olds, to stabilise its financial position. WMC agreed a plan to turn round ITEC within two years, and to that end increased its investment in March 2011 to £225k. In April 2011, however, the Government announced that its Young Apprentices programme, which had formed the core of ITEC's business for several years, would end.

On 13th July 2011 the WMC Board received a request from the ITEC Board to increase the value of its loan. However, the WMC Board decided it could not afford to do so. Without the increased loan the ITEC Board was unable to agree a balanced budget and called in liquidators on 14th July 2011. The WMC loan to ITEC totalling £209,657 was not recoverable and was accordingly written off in the financial year ending 31st July 2011.

Working Men's College Corporation
15 Endowments

	Specific £	General £	Total £
At 1 August 2011	161,036	1,087,753	1,248,789
Unrealised gains in year on endowment asset investments	1,665	11,244	12,909
Additions	20,000	-	20,000
At 31 July 2012	<u>182,701</u>	<u>1,098,997</u>	<u>1,281,698</u>
Representing			
Prizes funds	72,825	-	72,825
Library funds	86,463	-	86,463
Other funds	23,414	1,098,996	1,122,410
Total	<u>182,701</u>	<u>1,098,996</u>	<u>1,281,698</u>

16 Movement on reserves

	Year ended 31 July 2012 £	Year ended 31 July 2011 £
General reserve - Income and Expenditure Account		
At 1 August 2011	3,557,878	3,399,446
Movement on income and expenditure account after depreciation and tax	328,315	63,706
Transfers to endowment fund	(20,000)	-
Amounts raised by Governors treated as designated funds	-	(1,140)
Realised investment gains	-	6,786
Unrealised investment gains/(losses)	12,283	89,080
At 31 July 2012	<u>3,878,476</u>	<u>3,557,878</u>
Restricted reserves		
At 1 August 2011	1,588,321	1,531,340
Realised investment gains	-	4,034
Unrealised investment gains	7,300	52,947
At 31 July 2012	<u>1,595,621</u>	<u>1,588,321</u>
Designated Fund-150th Anniversary Appeal Fund		
Funds raised during the year	-	1,140

17 Reconciliation of operating surplus to net cash inflow from operating activities

	Year ended 31 July 2012 £	Year ended 31 July 2011 £
Surplus on continuing operations after depreciation of assets at valuation and tax	328,315	63,706
Depreciation (note 9)	260,785	266,744
Deferred capital grants released to income (note 1&13)	(57,124)	(67,106)
Investment income receivable (note 4)	(120,835)	(136,730)
Interest receivable (note 4)	(6,910)	(7,525)
Interest payable	76,967	78,635
(Increase)/(decrease) in debtors	59,188	(44,339)
Decrease/(increase) in creditors	111,988	44,701
(Increase) in long term creditors	(7,243)	(15,382)
Net cash inflow from operating activities	<u>645,131</u>	<u>182,704</u>

18 Returns on investments and servicing of finance

	Year ended 31 July 2012 £	Year ended 31 July 2011 £
Income from investments	120,835	136,730
Interest receivable	6,910	7,525
Interest payable	(76,967)	(78,635)
Net cash inflow from returns on investment and servicing of finance	<u>50,778</u>	<u>65,620</u>

Working Men's College Corporation
19 Capital expenditure and financial investment

	Year ended 31 July 2012 £	Year ended 31 July 2011 £
Purchase of tangible fixed assets	(1,063,301)	(562,413)
Payments to acquire fixed assets investments	(20,000)	(400,000)
Sales of fixed assets investments	-	1,200,002
Deferred capital grants received	-	469,252
Net cash inflow from capital expenditure and financial investment	(1,083,301)	706,841

20 Analysis of changes in net funds/(debt)

	At 1 August 2011 £	Cashflows £	31 July 2012 £
Cash			
Cash in hand, and at bank	1,391,505	(435,202)	956,303
Cash held with fund managers as part of investment portfolio	114	(112)	2
Sub Total	1,391,619	(435,314)	956,305
Bank Loan			
Debt within 1 year	(47,922)	(7,243)	(55,165)
Debt after 1 year	(1,345,325)	55,165	(1,290,160)
Sub Total	(1,393,247)	47,922	(1,345,325)
Total	(1,628)	(387,392)	(389,020)

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 year was £205,851 (year ended 31 July 2011 - £203,571). The total contribution to the TPS was £176,600 (2011 £170,805).

Teachers' Pension Scheme

The Teachers' Pension Scheme is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the Scheme for the purposes of determining contribution rates.

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

Latest actuarial valuation	31 March 2004
Actuarial method	Prospective Benefits
Investment returns per annum	6.5% per annum
Salary scale increases per annum	5.0% per annum
Market value of assets at date of last valuation	£162,650 million
Proportion of members' accrued benefits covered by the actuarial value of the assets	98.88%

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the government actuary carried out a further review on the level of employer contributions. For the year ended 31 July 2012 the employer contribution was 14.1% and the employee rate was 6.4%.

FRS 17

Under the definitions set out in Financial Reporting Standard 17 (FRS17) 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 contribution to the scheme as if it were a defined contribution scheme. The College has set out above the information available on the deficit in the scheme and the implications for the College in terms of the anticipated contribution rates.

Working Men's College Corporation

22 Capital commitments

	Year ended 31 July 2012 £	Year ended 31 July 2011 £
Accommodation extension and improvement project 2010/11		
Major maintenance project	-	10,050
Building improvements Phase 2	290,603	950,097
	<u>290,603</u>	<u>960,147</u>

23 Learner Support Funds

	Funding body £	Other organisations £	Year ended 31 July 2012 Total £	Year ended 31 July 2011 Total £
Access Funds				
Balance brought forward from prior year	38,525	-	38,525	43,570
Current Year				
Funding body grants				
- Hardship funds	107,680	-	107,680	112,157
- Childcare	67,070	-	67,070	55,110
Disbursed to students	(166,367)	-	(166,367)	(120,722)
Administration fees	(8,307)	-	(8,307)	(8,363)
Examination fees	(37,364)	-	(37,364)	(43,227)
Current year total	(37,288)	-	(37,288)	(5,045)
Grants received from other organisations				
LSC grant recycling from prior years	38,717	-	38,717	-
Balance unspent at 31 July, included in creditors	<u>39,954</u>	<u>-</u>	<u>39,954</u>	<u>38,525</u>

Funding body 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.

24 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.

25 Directors' and officers' liability insurance

The College has purchased directors' and officers' liability insurance. The insurance premium paid by the College for the year ended 31 July 2012 was £1,707 (2011: £1,395) and provides cover of up to a maximum of £1,000,000 for all claims during a year.

26 Members' liability

Every member of the Corporation 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.