

**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 2004**



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

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WORKING MEN'S COLLEGE CORPORATION

Corporation's Report for the year ended 31 July 2004

The Board of Governors

The Board of Governors, who are directors for the purposes of the Companies Act and trustees for the purposes of the Charities Act, hereinafter referred to as the Corporation, present their Annual report and accounts of the Working Men's College Corporation (the College) for the year ended 31 July 2004.

Legal Status

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

Mission

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

Objectives

3. The College is committed to:
 - A high quality educational environment suitable for adults within a relatively small college community, in which all learners can achieve their personal, educational and training goals.
 - An inclusive learning environment which removes the barriers to participation particularly for those who have failed to benefit from educational opportunities in the past and which will enable learners to maximise their potential.
 - Ensuring that the basic educational needs of the local population are met.
 - Ensuring equality of opportunity by opening our offer to the diverse communities with programmes that promote access for all.
 - Work towards partnership arrangements with other colleges and other providers that recognise the culture and the history of our organisation and the diversity of our communities.

Objectives (cont...)

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

Lifelong learning and improving employability skills remain the key strategic aims for the institution in its 150th year and beyond. The College Development Plan (agreed during this reporting period) attempts to respond to the rapid pace of change in the sector and tackle any weaknesses in the organisation that prevent us from responding positively and decisively.

College strengths include:

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

Performance Indicators

4. Performance indicators relating to key areas of the college's activity are set out in the Learning and Skill's (LSC's) publication *Summary Statistics for Further Education Institutions: England 2000-2001*. This document compares the performance of different colleges in the following areas:

- Achievement of funding target;
- Percentage change in student numbers;
- In-year retention rates;
- Achievement rates; and
- Contribution to national targets.

- **Achievement in funding target;**

The College achieved its funding target and was in a position to draw down additional funding for Skills for Life (ESOL) during the year.

- **Percentage change in student numbers;**

Our students numbers have increased from a base of 2,000 to around 3,850 (835 FTEs) between 1999-2000 and 2003-04; an increase of 90% over a four year period.

- **In-year retention rates;**

The retention rate aggregated for all courses was 90%.

- **Achievement rates;**

The achievement rate aggregated for all courses was 89%.

The Success rate was 80%.

- **Contribution to national targets;**

- a) To raise achievement of young people aged 19, measured by the proportion attaining a Level 2 qualification, and to reduce the proportion lacking the basic skills of literacy and numeracy.

The College does not actively recruit students in the 16-19 age group, however, targets for students aged 16-19 are part of our overall targets, and the number of 16-19 year olds increases as the overall volume of activity increases.

- b) To raise achievement of young people aged 21, measured by the proportion attaining a Level 3 qualification, and to reduce the proportion lacking the basic skills of literacy and numeracy (current performance: 53.7% to Level 3, an estimated 15% lacking basic skills). See comments under point (c) below.

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

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

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

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

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

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

• Level of Funding (per FTE).

The LSC main funding for the year was planned at £2,282,390. This was supplemented by additional funding of £252,358, making a total of £2,534,748.

| 2003/04 | FTE | | Funding | Funding/FTE |
|-------------------------------|------------|--|------------------|--------------|
| Basic Skills (base) | 273 | | 1,173,000 | 4,297 |
| Basic Skills (growth) | 13 | | 56,000 | 4,308 |
| Other (base) | 329 | | 942,200 | 2,864 |
| Other (growth) | 3 | | 7,390 | 2,463 |
| Under 19 (base) | 21 | | 66,800 | 3,181 |
| Under 19 (growth) | | | | |
| ALS | 0 | | 37,000 | |
| Total | 639 | | 2,282,390 | 3,572 |
| Basic Skills (growth in year) | 63 | | 252,358* | 4,019 |
| Revised total | 702 | | 2,534,748 | 3,612 |

* The LSC proposed an additional allocation of £253,222, but paid £864 less

During the year the LSC paid an additional £38,375 for achievement above target in 2002/03 in priority areas.

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Student Numbers FTEs

5. Further education colleges are funded for enrolments on courses, which are aggregated into full-time equivalents (FTEs). As a specially designated institution, The Working Men's College received funding for the delivery of both Section 96/97 and "Other Provision / Non Schedule 2" under the Learning and Skills Act. For 2003/2004 the College had a funding agreement with the LSC that for the first time combined these previously separate allocations.

The College has achieved an estimated 835 FTEs against the funded target of 702 FTEs.

The management team has promoted and marketed the College, adapting the curriculum to local needs. The resulting volume of delivery represents an increase of 23% from 2002/03, when the College delivered 677 FTEs against a target of 622 FTEs.

Adult Learning Inspection May 2004

In January 2004 the College learnt that there would be a full inspection in May. This, and the accompanying Provider Financial Assurance Review, provided the major focus for the work of the College in 2003/04. Here are the Inspection results:

Areas of Learning

| | |
|-------------------------------|---------|
| ICT | Grade 2 |
| Counselling | Grade 2 |
| Visual & Performing Arts | Grade 2 |
| English, MFL & Communications | Grade 2 |
| Foundation Learning | Grade 2 |

Leadership and Management

| | |
|-------------------------|---------|
| Leadership & Management | Grade 2 |
| Equal Opportunities | Grade 1 |
| Quality Assurance | Grade 2 |

The grades mean the College has moved from being, 4 years ago, "a college causing concern" to now being a college in the top 10% of colleges and achieving LSC "premium rate" funding for 2004/05.

Management

6. This was the second year of operation with the new management structure. The main programme areas were:
- Foundation Education and Training (Skills for Life - ESOL and Basic Skills).
 - Community Education and Training. (Visual & Performing Arts, Vocational Education)
 - Information and Communication Technology

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The College also offers a range of languages.

Each main area has a Programme Manager supported by a Deputy Programme Manager. The College has continued to increase the number of full time fractional staff and to create additional management positions with an overall aim of improving curriculum delivery and internal communication.

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

The Management Information System and student data administrative processes have been made more systematic, and the staffing increased to include an Examinations Officer and dedicated administrative support for the delivery teams.

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

During the year the College has strengthened its association with Birkbeck College, and is considering joint delivery of Foundation Degrees from January 2006.

Resources

7. The objectives of the original accommodation strategy have been completed and a major refurbishment of the building was completed in late 2001. Subsequently works have been on a more modest scale. For 2003/04 the College upgraded the lobby and main corridor in an attempt to make the area lighter and more welcoming. During the year a new telephone system was installed so that the majority of staff have direct dial numbers, and the ICT resources continued to be upgraded through the purchase of additional personal computers. Two further rooms were equipped with smart boards and projectors to promote the development of ICT across the curriculum.

The Accommodation Strategy was reviewed in 2003/04 and the Corporation has developed outline plans for capital works totalling about £2.7 million. An initial approach was made to the LSC for approval in principle, but this was not forthcoming until further analytical work had been undertaken. This was completed in the reporting year, and subsequently accepted by the LSC.

Student Support

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

Equality of Opportunity.

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

Quality Assurance

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

The College built on the previous year's progress in strengthening the Internal Verifier (IV) system.

The work of the College's benchmarking group with its partner-designated colleges in London has continued and developed.

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

Since September 2002 students have signed an initial learning agreement as part of the enrolment procedure, which usually follows course specific advice and guidance. Individual Learning Plans are completed for all students so that achievements can be more closely identified, and progression arrangements more readily identified. An increasing proportion of students follow programmes with externally accreditation.

Transparency arrangements

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

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The full Corporation meets at least termly, and formal business has also been conducted at the two Strategy Days held in October and July. The other committees meet at least once each term with the exception of the Search and Remuneration Committees which meets as required but at least on one occasion a year. Full minutes of the non-confidential business of all meetings are available from the Clerk to the Corporation at Working Men's College, 44 Crowndale Road, London, NW1 1TR.

The Clerk to the Corporation maintains a register of financial and personal interests of the Governors and the Senior Post Holders of the College. The register is available for inspection on application to the Clerk at the College

The Governors receive no remuneration for their services, but are entitled to claim out of pocket expenses. No out of pocket expenses were claimed by Governors in the year to 31 July 2004.

Finances

12. The College generated an operating surplus of for the year to 31 July 2004 of £123,460.

This compares with a surplus of £116,156 for the year 2002/03.

There was a realised gain resulting from the management of the College's investment portfolio of £36,537 (2002 – 2003, £36,116 loss) and an unrealised gain of £132,124 (2002 – 2003, a gain of £28,949).

13. The College had for many years generated operating deficits and been dependent on the gains from the investment portfolio to cover the deficit. In the main, this was a consequence of the low volume of activity combined with a low average level of funding (ALF).

14. Closing reserves and endowments are £4,409,405. This is an increase from 2002/03 when the total was £4,117,284.

Post-balance Sheet Events

None.

Staff and Student Involvement

15. The College considers good communication with staff and students to be important, and this approach was endorsed by the Inspectors.

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

Taxation

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

Employment of Disabled Persons

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

Disability Statement

18. The College seeks to achieve the objectives set down in the Disability Discrimination Act 2000 (as amended by the Special Educational Needs Act 2001), and in particular makes the following commitments:
- a) As part of the redevelopment of the buildings it has installed lifts so that most of the facilities allow access to people with a mobility impairment. Induction loops have been installed in key locations improving access for people with hearing impairments.
 - b) There is a range of specialist equipment which the College can make available for use by students. A list is maintained in the Centre for Student Affairs.
 - c) The admissions policy for all students is described in the College Charter. Appeals against a decision not to offer a place are dealt with under the complaints procedure.
 - d) The College makes available appropriate support for students with learning difficulties and/or disabilities a key priority. Support is managed and delivered through the Centre for Student Affairs where there are 4 Full Time Equivalent specialists delivering dyslexia, literacy, numeracy, careers, IT and welfare rights support. There are a number of lecturers who provide a variety of support for individual students in response to assessed need. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for all students who have learning difficulties and/or disabilities.

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

Five Year Maintenance Plan

19. The College commissioned a 5 Year Maintenance Plan to cover the period 2004/05 to 2008/09. This will be implemented according to a priority rating and in conjunction with progress on the 2004 Accommodation Strategy. Some of the work identified in the Plan will be unnecessary as the envisaged work on the building proceeds.

In the early months of the reporting year the College continued a programme of planned maintenance and refurbishment that was planned to continue to the end of 2005/2006. The works in earlier years had represented a catching up exercise for maintenance that had been neglected in the past and were funded from the College's reserves. As the works were predominately revenue in nature this resulted in the College incurring charges in the accounting periods in which the work was undertaken.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2003 to 31 July 2004, the College achieved this target for invoices where there were no disputed costs. The College incurred no interest charges in respect of late payment for this period.

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Members

The following Governors were in office at 31 July 2004 and served throughout the year except where shown:

| Name | Date of Appointment or Re-appointment | Term of Office | Date of Resignation | Status of Appointment | Committees (* See notes) |
|--|---------------------------------------|----------------|---------------------|--------------------------|--------------------------|
| John Annette | 24/03/2004 | 3 Years | | Appointed | Q*/AP |
| Nafisa N. Ali | 26/03/2003 | 1 Year | 24/03/2004 | Nominated Student | Q |
| Ian Bell | 26/03/2003 | 3 Years | 15/11/2004 | Nominated Staff | A |
| Richard Deery | 17/12/2003 | 1 Year | 7/11/2004 | Nominated Staff | H |
| Asha Kin Farah Duale | 24/03/2004 | 3 Years | | Appointed | |
| Beverley Evans – Vice Chair-Corp. | 24/03/2004 | 3 Years | 13/07/2004 | Appointed | Q (Ch) / R / S |
| Nigel Franklin | 13/03/2002 | 3 Years | | Appointed | A / Q / AP |
| Satnam Gill | 19/10/1999 | Ex-Officio | | Principal / Ex-Officio | FPD / S / AP |
| Ruth Hawthorn | 24/03/2004 | 3 Years | | Appointed | A* / S* / R* |
| Richard Holden | 13/03/2002 | 3 Years | 14/12/2003 | Appointed | FPD / Q |
| Michael Johns CB | 13/03/2002 | 3 Years | | Appointed | FPD / Q |
| Martin Jones | 24/03/2004 | 3 Years | | Appointed | A / Q (Ch)* |
| Roy Colin Lockett | 24/03/2004 | 3 Years | 19/07/2004 | Appointed | |
| Michael Laschinger (Company Secretary) | 13/03/2002 | 3 Years | | Appointed | A (Ch) / S / R* |
| Selwyn Midgen – (Treasurer) | 18/12/2002 | 3 Years | | Appointed | FPD (Ch) / R/S/AP(Ch) |
| Michael Mockridge | 18/12/2002 | 3 Years | | Appointed | |
| Shaun O'Connor | 17/07/2002 | 3 Years | | Nominated Staff | H / Q |
| David Offenbach | 24/03/2004 | 3 Years | | Appointed | FPD |
| Bipin Patel | 24/03/2004 | 3 Years | | Appointed | FPD / AP |
| Dilip Patel | 24/03/2004 | 3 Years | | Appointed | |
| Councillor Abdul Quadir | 17/07/2002 | 3 Years | | Appointed | FPD |
| Steve Scotland | 11/11/2000 | 3 Years | 29/09/2003 | Appointed | A |
| Ruth Silver CBE–Chair of WMC Corporation | 13/03/2002 | 3 Years | | Appointed | R (Ch) S (Ch) |
| Graziella Spigarolo | 24/03/2004 | 1 Year | | Nominated Student Gov. | Q |
| Malcolm Stockley | 24/03/2004 | 1 Year | | Nominated Student Gov. | |
| Present on 14 th December | | | | | |
| Famil Guliyev | 14/12/2004 | 3 Years | | Nominated Staff Governor | |

Key to Committees:

A= Audit. AP = 150th Anniversary Appeal Committee.

H= Health & Safety. FPD = Finance, Personnel and Development. Q=Quality and Standards. R=Remuneration. S=Search. (Ch) =Committee Chair

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Notes:

* On July 14th 2004 Corporation approved Ruth Hawthorn as a member of the Remuneration, Search and Audit Committees, John Annette as a member of the Quality and Standards Committee. At the July meeting Corporation also approved Michael Laschinger as a member of the Remuneration Committee (subject to confirmation that he can serve whilst also Chair of the Audit Committee).

Corporation also, at this meeting, approved Martin Jones as Chair of the Quality and Standards Committee. Having been appointed prior to July 31st 2003, these Governors will attend Committees in their appointed roles in the academic year beginning September 2004.

All Appointed Governors can, on re-appointment, serve for up to nine years on the Corporation. At each Annual General Meeting one third of the Appointed Governors are required to retire by rotation in accordance with Articles 36 ~ 42 of the Corporation's Memorandum and Articles of Association.

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

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

Signed on behalf of the Corporation

Chair 

Date 15 December 2004

WORKING MEN'S COLLEGE CORPORATION

Professional Advisers

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

| Bankers: | Bankers: |
|--------------------|------------------------------|
| Bank of Scotland | Barclays Bank plc |
| 600 Gorgie St | Hanover Square, 50 Pall Mall |
| Edinburgh EH11 3ZB | London SW1A 1QD |

| Solicitors: | Solicitors: | Solicitors: |
|----------------------------|----------------------|---------------------|
| Bates, Wells & Braithwaite | Hodge, Jones & Allen | Levenes |
| 138 Cheapside | Twyman House | Ashley House |
| London EC2V 6BB | 31-39 Camden Road | 235 High Rd |
| | London NW1 9LR | Wood Green, N22 8HF |

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

**Corporate Governance Statement
(Incorporating Statement of 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 Section One of the Combined Code on Corporate Governance issued by the London Stock Exchange in June 1998. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the Corporation, the College complies with all the provisions of the Combined Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2004.

The Corporation

The composition of the Corporation is set out on page 13. It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance, General Purposes and Development, Remuneration, Search, Audit, and Quality and Standards. (5)

All governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment and removal of the Clerk are matters for the Corporation as a whole. Tim Firmston was engaged as Clerk on an acting basis following the suspension of the Clerk in May 2002: he continued in this role until the appointment of Alan Conway in August 2003.

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

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

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 five governors which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

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

Remuneration Committee

Through the year ending 31 July 2003/4, the College's Remuneration Committee comprised of four Governors (excluding the Principal). The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior post holders.

Details of remuneration for the year ended 31 July 2004 are set out in note 6 to the financial statements.

Audit Committee

The Audit Committee comprises of five governors (excluding the Principal). The committee operates in accordance with written terms of reference approved by the Corporation. 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 met 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 Learning and Skills Council as they affect the College's business.

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 AGM.

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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 or she is personally responsible, in accordance with the responsibilities assigned to him or her in the Financial Memorandum between the College and the Learning and Skills Council (LSC). He or she 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 in The Working Men's College for the year ended 31 July 2004 and up to the date of approval of the annual report and accounts.

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 2004 and up to the date of approval of the annual report and accounts. 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 Learning and Skills Council's (LSC's) *Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the college is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the college's governing body on the recommendation of the audit committee. At minimum annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the college. The report includes the HIA's independent opinion on the adequacy and effectiveness of the college's system of internal control, risk management controls and governance processes, including internal financial control.

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 LSC-appointed ILR auditors in their management letters and other reports.

The Principal has been advised on the implications of the result of his or her 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.

WORKING MEN'S COLLEGE CORPORATION

The senior management team 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 senior management team 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 senior management team and the audit committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its October 2004 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2004 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2004.

Going Concern

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

Signed

Rah Gani

Chair

Date

15 December 2004

Signed

Sultan

Principal

Date

14/12/04

WORKING MEN'S COLLEGE CORPORATION

Statement of the Responsibilities of the Members of the Corporation

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

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

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

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

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

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

Signed on behalf of the Corporation

Chair 

Date 15 December 2004

WORKING MEN'S COLLEGE CORPORATION

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

We have audited the financial statements on pages 24 to 39.

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

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

The Corporation is responsible for preparing the Corporation's Report and, as described in the statement of responsibilities on page 21, the financial statements in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education and applicable United Kingdom law and Accounting Standards.

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

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

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

WORKING MEN'S COLLEGE CORPORATION

Basis of Audit Opinion

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

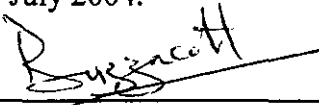
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give us reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Opinion

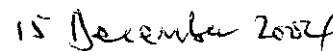
In our opinion the financial statements give a true and fair view of the state of affairs of the College as at 31 July 2004 and of the College's surplus of income over expenditure for the year then ended, and are properly prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

In our opinion, in all material respects, monies expended out of funds from whatever source administered by the College for specific purposes have been properly applied for those purposes and, if appropriate, managed in compliance with relevant legislation for the year ended 31 July 2004.

In our opinion, in all material respects, monies expended out of funds provided by the Learning and Skills Council have been applied in accordance with the Financial Memorandum between the Learning and Skills Council and the Corporation of the College and any other terms and conditions attached to them for the year ended 31 July 2004.



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



Date

Working Men's College Corporation
Income and Expenditure Account for the year ended 31 July 2004

| | Notes | Year ended 31 July 2004 £ | Year ended 31 July 2003 £ |
|---|-------|---------------------------------|---------------------------------|
| Income | | | |
| Funding Council Grants | 1 | 2,683,680 | 2,293,729 |
| Tuition fees and education contracts | 2 | 230,994 | 171,889 |
| Other income | 3 | 119,180 | 73,302 |
| Endowment and Investment income | 4 | 151,556 | 158,005 |
| Total Income | | <u>3,185,410</u> | <u>2,696,925</u> |
| Expenditure | | | |
| Cost of generating funds | | 21,394 | 19,983 |
| Staff costs | 5 | 2,100,472 | 1,606,538 |
| Other operating expenses | 7 | 794,511 | 826,877 |
| Depreciation | 9 | 145,573 | 127,371 |
| Total Expenditure | | <u>3,061,950</u> | <u>2,580,769</u> |
| Surplus on continuing operations before tax | | 123,460 | 116,156 |
| Taxation | 8 | 0 | 0 |
| Surplus on continuing operations after tax | | <u>123,460</u> | <u>116,156</u> |

The income and expenditure account is in respect of continuing activities

Working Men's College Corporation
Statement of the Total Recognised Gains and Losses for
the year ended 31 July 2004

| | Notes | Year ended 31 July 2004 £ | Year ended 31 July 2003 £ |
|--|---------|---------------------------------|---------------------------------|
| Surplus on continuing operations after depreciation of assets at valuation and tax | | 123,460 | 116,156 |
| Realised gains / (losses) on disposal of investments | 10 & 15 | 36,537 | (36,116) |
| Unrealised gains on listed and endowment investments | 10 & 15 | 132,124 | 28,949 |
| Total recognised gains relating to the period | | 292,121 | 108,989 |
| Reconciliation | | | |
| Opening reserves and endowments | | 4,117,284 | 4,008,295 |
| Total recognised gains for the year | | 292,121 | 108,989 |
| Closing reserves and endowments | | 4,409,405 | 4,117,284 |

Statement of Historical Cost Surpluses and Deficits for
the year ended 31 July 2004

| | Notes | Year ended 31 July 2004 £ | Year ended 31 July 2003 £ |
|---|-------|---------------------------------|---------------------------------|
| Surplus on continuing operations before taxation | | 123,460 | 116,156 |
| Losses on investments sold | | (149,897) | (45,596) |
| Historical cost (deficit) / surplus for the period before taxation | | (26,437) | 70,560 |
| Historical cost (deficit) / surplus for the period after taxation | | (26,437) | 70,560 |

Working Men's College Corporation
Balance Sheet as at 31 July 2004

| | Notes | 2004 £ | 2004 £ | 2003 £ | 2003 £ |
|--|-------|------------------|-------------------------|------------------|-------------------------|
| Fixed assets | | | | | |
| Tangible assets | 9 | 387,058 | | 446,711 | |
| Investments | 10 | <u>2,533,030</u> | | <u>2,397,208</u> | |
| | | | 2,920,088 | | 2,843,919 |
| Endowment Assets | 11 | | <u>1,002,135</u> | | <u>929,277</u> |
| | | | 3,922,223 | | 3,773,196 |
| Current assets | | | | | |
| Debtors | 12 | 62,830 | | 90,200 | |
| Investments - cash held by investment managers | | 232,988 | | 205,937 | |
| Endowments - cash held by investment managers | | 53,665 | | 141,972 | |
| Cash at bank and in hand | | <u>491,716</u> | | <u>226,527</u> | |
| | | 841,199 | | 664,636 | |
| Creditors: amounts falling due within one year | 13 | <u>253,174</u> | | <u>208,442</u> | |
| Net current assets | | | 588,025 | | 456,194 |
| NET ASSETS | | | <u><u>4,510,248</u></u> | | <u><u>4,229,390</u></u> |
| Deferred capital grants | 14 | | 100,843 | | 112,106 |
| Endowments | | | | | |
| Specific | 15 | 137,769 | | 139,506 | |
| General | 15 | <u>918,031</u> | | <u>931,743</u> | |
| | | 1,055,800 | | 1,071,249 | |
| Revaluation reserve | 16 | 1,297,078 | | 1,223,148 | |
| General reserve | 16 | <u>2,056,527</u> | | <u>1,822,887</u> | |
| | | 3,353,605 | | 3,046,035 | |
| | | | 4,409,405 | | 4,117,284 |
| TOTAL | | | <u><u>4,510,248</u></u> | | <u><u>4,229,390</u></u> |

The financial statements on pages 24 to 39 were approved by the governing body on 14 December 2004 and were signed on its behalf by:-

Principal

Satish Chandra

Chair

Rich Schar

Working Men's College Corporation
Cash Flow Statement for the year ended 31 July 2004

| | Notes | Year ended 31 July 2004 £ | Year ended 31 July 2003 £ |
|---|-------|---------------------------------|---------------------------------|
| Cash flow from operating activities | 17 | 139,084 | (106,701) |
| Returns on investments and servicing of finance | 18 | 151,556 | 158,005 |
| Capital expenditure and financial investment | 19 | (86,707) | 116,206 |
| Increase in cash in the period | 20 | <u><u>203,933</u></u> | <u><u>167,510</u></u> |

Reconciliation of net cash flow to movement in net funds

| | | | |
|---------------------------------|----|-----------------------|-----------------------|
| Movement in net funds in period | | 203,933 | 167,510 |
| Net funds at 1 August | 20 | 574,436 | 406,926 |
| Net funds at 31 July | 20 | <u><u>778,369</u></u> | <u><u>574,436</u></u> |

WORKING MEN'S COLLEGE CORPORATION

Notes to the Financial Statements for the year ended 31 July 2004

Statement of Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting in Further and Higher Education Institutions and in accordance with applicable Accounting Standards. They conform to guidance published by the Learning and Skills Council ("the LSC"), in Circulars 03/08 and 04/04.

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

Basis of accounting

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

Recognition of income

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

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

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

Pension schemes

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and a group personal pension scheme. The former is a defined benefit scheme, which is externally funded and contracted out of the State Earnings Related Pension Scheme. Contributions to the scheme are charged to the income and

WORKING MEN'S COLLEGE CORPORATION

expenditure account so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method for the TPS.

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

Tangible fixed assets

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

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

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

- | | |
|------------------------------------|--|
| • Freehold buildings | - 5% per year |
| • Building improvements | - 10% per year |
| • Technical equipment | - 25% per year |
| • Computer hardware | - 25% per year |
| • Computer hardware from 1/8/03 | - 33 ¹ / ₃ % per year* |
| • Computer software | - 33 ¹ / ₃ % per year |
| • Furniture, fixtures and fittings | - 16 ² / ₃ % per year |

* Computer hardware purchased after 1/8/03 is depreciated over 3 years, while all computer hardware purchased before 2003/04 is depreciated over 4 years.

Freehold land is not depreciated.

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

Leased assets

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

Investments

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

WORKING MEN'S COLLEGE CORPORATION

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

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

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

Agency arrangements

The College acts as an agent in the collection and payment of learner support funds. Related payments received from the Learning and Skills Council and subsequent disbursements to students are excluded from the income and expenditure account and are shown separately in note 24.

Provisions

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

Working Men's College Corporation

1 Funding Council Grants

| | Year ended 31 July 2004 £ | Year ended 31 July 2003 £ |
|--|---------------------------------|---------------------------------|
| Recurrent grant current year | 2,534,748 | 1,993,199 |
| Recurrent grant prior periods | 38,375 | 80,501 |
| Releases of deferred capital grants | 50,495 | 44,963 |
| Standards fund | 5,848 | 62,837 |
| Teachers Pay Initiative | 22,230 | 75,492 |
| SENDA/DDA | 3,500 | 4,641 |
| Reorganisation Feasibility Study | - | 10,000 |
| Inspection cover | 3,750 | 0 |
| ILT provision | 216 | 2,233 |
| Local Initiative Funds | 16,000 | 0 |
| Other Funds | 8,518 | 12,915 |
| Release of prior year clawback provision | 0 | 6,943 |
| | 2,683,680 | 2,293,724 |

2 Tuition Fees and Education Contracts

| | Year ended 31 July 2004 £ | Year ended 31 July 2003 £ |
|---|---------------------------------|---------------------------------|
| European Union (EU) (excluding UK) students | 1,999 | 880 |
| Non-EU students | 1,950 | 151 |
| UK Further Education students | 227,045 | 170,858 |
| Total fees paid by or on behalf of students | 230,994 | 171,889 |
| Education contracts | 0 | 0 |
| | 230,994 | 171,889 |

3 Other Income

| | Year ended 31 July 2004 £ | Year ended 31 July 2003 £ |
|----------------------|---------------------------------|---------------------------------|
| Rental income | 36,285 | 10,048 |
| Legacies | 8,066 | 25,975 |
| Miscellaneous income | 74,829 | 37,279 |
| | 119,180 | 73,302 |

4 Endowment and Investment Income

| | Year ended 31 July 2004 £ | Year ended 31 July 2003 £ |
|---|---------------------------------|---------------------------------|
| Dividends and interest on listed and endowment assets | 131,700 | 148,948 |
| Bank interest | 19,856 | 9,057 |
| | 151,556 | 158,005 |

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 2004 Number | Year ended 31 July 2003 Number |
|---------------------------------------|--------------------------------------|--------------------------------------|
| Teaching departments - teaching staff | 46 | 40 |
| Teaching departments - other staff | 4 | 3 |
| Teaching support services | 5 | 4 |
| Administration and central services | 19 | 17 |
| Premises | 2 | 2 |
| | <u>76</u> | <u>66</u> |

Staff costs for the above persons:

| | Year ended 31 July 2004 £ | Year ended 31 July 2003 £ |
|-----------------------|---------------------------------|---------------------------------|
| Wages and salaries | 1,843,452 | 1,428,687 |
| Social security costs | 146,302 | 100,811 |
| Other pension costs | 110,718 | 77,040 |
| | <u>2,100,472</u> | <u>1,606,538</u> |

| | | |
|-------------------------------------|------------------|------------------|
| Teaching departments -staff | 1,205,591 | 849,553 |
| Teaching departments -other staff | 103,394 | 46,583 |
| Teaching support services | 126,530 | 108,528 |
| Administration and central services | 615,312 | 522,935 |
| Premises | 49,645 | 46,690 |
| Staff restructuring | 0 | 32,249 |
| Total | <u>2,100,472</u> | <u>1,606,538</u> |

| | Year ended 31 July 2004 £ | Year ended 31 July 2003 £ |
|--|---------------------------------|---------------------------------|
| Employment costs for staff on permanent contracts | 1,648,807 | 1,196,548 |
| Employment costs for staff on short-term and temporary contracts | 451,665 | 409,990 |
| | <u>2,100,472</u> | <u>1,606,538</u> |

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

| | Year ended 31 July 2004 | Year ended 31 July 2003 |
|-----------------------|----------------------------|----------------------------|
| £ 20,001 to £ 30,000 | 0.6 | 0 |
| £ 50,001 to £ 60,000 | 1 | 2 |
| £ 60,001 to £ 70,000 | 1 | 0 |
| £ 80,001 to £ 90,000 | 0 | 1 |
| £ 90,001 to £ 100,000 | 1 | 0 |
| | <u>3.6</u> | <u>3</u> |

A general pay award of 3% was made with effect from 1 September 2003, approved by the corporation.

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

| | Year ended 31 July 2004 | Year ended 31 July 2003 |
|--|----------------------------|----------------------------|
| | Number | Number |
| The number of senior post-holders including the Principal was: | 3.6 | 3 |
| Senior post-holders' emoluments are made up as follows: | | |
| | £ | £ |
| Salaries | 207,616 | 173,179 |
| Benefits in kind | 1,845 | 4,455 |
| Pension contributions | 31,004 | 18,701 |
| Total emoluments | 240,466 | 196,335 |

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

| | Year ended 31 July 2004 | Year ended 31 July 2003 |
|-----------------------|----------------------------|----------------------------|
| | £ | £ |
| Salary | 78,946 | 74,443 |
| Benefits in kind | 525 | 360 |
| | <u>79,471</u> | <u>74,803</u> |
| Pension contributions | <u>13,795</u> | <u>11,508</u> |

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

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

Senior post-holders, including the Principal and other higher paid staff received a pay increase of 3% in line with the general pay award. Bonuses or other salary enhancements were awarded to senior post-holders and other higher paid staff.

Overseas activities

None of the Governors or senior postholders was involved in any overseas activity during the year ended 31 July 2004 (2003 - none).

7 Other Operating Expenses

| | Year ended 31 July 2004 | Year ended 31 July 2003 |
|-------------------------------------|----------------------------|----------------------------|
| | £ | £ |
| Teaching departments | 54,667 | 41,873 |
| Teaching support services | 53,065 | 30,872 |
| Other support services | 21,095 | 29,089 |
| Administration and central services | 242,584 | 205,256 |
| General education | 144,544 | 159,033 |
| Premises costs Running costs | 163,720 | 140,072 |
| Premises costs Maintenance | 114,836 | 220,682 |
| Total | 794,511 | 826,877 |

Note

Premises costs: maintenance includes refurbishment of £57,427 (2003 - £186,302)

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

| Other operating expenses include: | Year ended 31 July 2004 £ | Year ended 31 July 2003 £ |
|---|---------------------------------|---------------------------------|
| Auditors' remuneration: | | |
| external audit | 11 603 | 11 257 |
| internal audit | 8 121 | 11 967 |
| other services from either external or internal audit | 2 261 | 2 174 |
| Hire of other assets - operating leases | <u>-</u> | <u>4 329</u> |

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

| | Freehold land and buildings £ | Building improve- ments £ | Computer Equipment £ | Technical Equipment £ | Furniture, fixtures & other equipment £ | Total £ |
|--|--|------------------------------------|----------------------------|-----------------------------|--|------------------|
| Cost | | | | | | |
| At 1 August 2003 | 178,152 | 190,394 | 347,959 | 131,504 | 105,835 | 953,844 |
| Additions | 0 | 11,816 | 51,199 | 22,905 | 0 | 85,920 |
| At 31 July 2004 | <u>178,152</u> | <u>202,210</u> | <u>399,158</u> | <u>154,409</u> | <u>105,835</u> | <u>1,039,764</u> |
| Depreciation | | | | | | |
| At 1 August 2003 | 71,265 | 27,771 | 246,144 | 106,798 | 55,155 | 507,133 |
| Charge for year | 8,908 | 20,080 | 77,816 | 21,130 | 17,639 | 145,573 |
| At 31 July 2004 | <u>80,173</u> | <u>47,851</u> | <u>323,960</u> | <u>127,928</u> | <u>72,794</u> | <u>652,706</u> |
| Net book value | | | | | | |
| At 31 July 2004 | <u>97,979</u> | <u>154,359</u> | <u>75,198</u> | <u>26,481</u> | <u>33,041</u> | <u>387,058</u> |
| Net book value | | | | | | |
| At 1 August 2003 | <u>106,887</u> | <u>162,623</u> | <u>101,815</u> | <u>24,706</u> | <u>50,680</u> | <u>446,711</u> |
| Analysis of 31 July 2004 net book value | | | | | | |
| Financed by capital grant | 0 | 44,955 | 51,243 | 1,227 | 3,418 | 100,843 |
| Other | 97,979 | 109,404 | 23,955 | 25,254 | 29,623 | 286,215 |
| Net book value | | | | | | |
| At 31 July 2004 | <u>97,979</u> | <u>154,359</u> | <u>75,198</u> | <u>26,481</u> | <u>33,041</u> | <u>387,058</u> |

Working Men's College Corporation
10 Fixed Asset Investments

Listed Securities at valuation

| | Fixed Interest UK Govt Stocks £ | Equities £ | Total £ |
|--|---------------------------------------|------------------|------------------|
| At 1 August 2003 | 221,225 | 2,175,983 | 2,397,208 |
| Additions | 0 | 550,756 | 550,756 |
| Disposal proceeds | (171,663) | (427,381) | (599,044) |
| Realised (losses) / gains on disposal of investments | (2,831) | 63,918 | 61,087 |
| Unrealised (losses) / gains | (1,129) | 124,152 | 123,023 |
| At 31 July 2004 | <u>45,602</u> | <u>2,487,428</u> | <u>2,533,030</u> |

The original cost of assets included above at valuation is:

| | | | |
|-----------------|----------------|------------------|------------------|
| At 31 July 2004 | <u>44,510</u> | <u>2,335,031</u> | <u>2,379,541</u> |
| At 31 July 2003 | <u>230,237</u> | <u>2,335,722</u> | <u>2,565,959</u> |

The total net unrealised gains / (losses) at 31 July 2004 amounted to £153,489 - (2003 (£168,751))

At 31 July 2004 the following individual investment holdings each represented 5% or more of the market value of the investment portfolio (including endowment assets):

| | Market value £ | % of portfolio value |
|------------------------|-------------------|-------------------------|
| BP Ord SU \$0.25 | 206,400 | 5.8 |
| Treasury 5% 2012 | 253,186 | 7.2 |
| Treasury stock 5% 2008 | 203,409 | 5.8 |

11 Endowment Assets

| | Year ended 31 July 2004 £ | Year ended 31 July 2003 £ |
|---|---------------------------------|---------------------------------|
| Balance at 1 August 2003 | 929,277 | 1,017,692 |
| Additions | 556,727 | 148,961 |
| Disposals proceeds | (468,420) | (259,145) |
| Realised losses on disposal of investments | (24,550) | (2,654) |
| Unrealised gains | 9,101 | 24,423 |
| Balance at 31 July 2004 | <u>1,002,135</u> | <u>929,277</u> |
| Represented by: | | |
| Fixed interest stocks (listed) | 819,695 | 929,277 |
| Equities (listed) | 182,440 | 0 |
| Total | <u>1,002,135</u> | <u>929,277</u> |
| The original cost of assets included above at valuation is: | | |
| Fixed Interest UK Government stocks | 805,533 | 885,177 |
| Equities | 161,467 | |
| | <u>967,000</u> | <u>885,177</u> |

Total net unrealised gain at 31 July 2004 amounted to £35,135 - (2003 (£44,101)).

Working Men's College Corporation
12 Debtors

| | Year ended 31 July 2004 £ | Year ended 31 July 2003 £ |
|--------------------------------------|---------------------------------|---------------------------------|
| Amounts falling due within one year: | | |
| Trade Debtors | 19,300 | 7,705 |
| Other Debtors | 3,741 | 5,111 |
| Prepayments and accrued income | 39,789 | 77,384 |
| Total | 62,830 | 90,200 |

13 Creditors: Amounts Falling Due Within One Year

| | Year ended 31 July 2004 £ | Year ended 31 July 2003 £ |
|---|---------------------------------|---------------------------------|
| Payments received in advance | 78,930 | 73,114 |
| Trade creditors | 35,757 | 34,307 |
| Other taxation and social security | 54,899 | 0 |
| Accruals | 76,861 | 94,294 |
| Provision for clawback of LSC recurrent funding | 6,727 | 6,727 |
| | 253,174 | 208,442 |

14 Deferred Capital Grants

| | LSC Grants £ | LSC Grants £ |
|---|--------------------|--------------------|
| At 1 August 2003 | | |
| Building improvements (DDA/SENDA) | 35,689 | |
| Computer Equipment | 67,128 | |
| Technical Equipment | 2,452 | |
| Furniture, fixtures and other equipment | 6,837 | 112,106 |
| Cash Received | | |
| Building improvements (DDA/SENDA) | 13,232 | |
| Computer Equipment | 26,000 | |
| Technical Equipment | 0 | |
| Furniture, fixtures and other equipment | 0 | 39,232 |
| Released to income and expenditure account | | |
| Building improvements (DDA/SENDA) | (3,965) | |
| Computer Equipment | (41,885) | |
| Technical Equipment | (1,227) | |
| Furniture, fixtures and other equipment | (3,418) | (50,495) |
| Total | | 100,843 |
| As 31 July 2004 | | |
| Building improvements (DDA/SENDA) | | 44,955 |
| Computer Equipment | | 51,243 |
| Technical Equipment | | 1,227 |
| Furniture, fixtures and other equipment | | 3,418 |
| Total | | 100,843 |

Analysis of capital grants received from the Learning and Skills Council during 2003/04

| | £ |
|-----------------------------------|---------------|
| Building improvements (DDA/SENDA) | 13,232 |
| IT equipment/ infrastructure | 26,000 |
| Total | 39,232 |

DDA/SENDA refers to capital grants for access improvements in order to comply with the Disability Discrimination Act.

Working Men's College Corporation
15 Endowments

| | Specific £ | General £ | Total £ |
|---|----------------|----------------|------------------|
| At 1 August 2003 | 139,506 | 931,743 | 1,071,249 |
| Unrealised gains in year on endowment asset investments | 1,024 | 8,077 | 9,101 |
| Realised losses in year on endowment asset investments | (2,761) | (21,789) | (24,550) |
| At 31 July 2004 | <u>137,769</u> | <u>918,031</u> | <u>1,055,800</u> |
| Representing | | | |
| Prizes funds | 44,126 | 0 | 44,126 |
| Library funds | 72,225 | 0 | 72,225 |
| Other funds | 21,418 | 918,031 | 939,449 |
| Total | <u>137,769</u> | <u>918,031</u> | <u>1,055,800</u> |

16 Movement on Reserves

| | Year ended 31 July 2004 £ | Year ended 31 July 2003 £ |
|---|---------------------------------|---------------------------------|
| General Reserve - Income and Expenditure Account | | |
| At 1 August | 1,822,887 | 1,723,587 |
| Movement on income and expenditure account after depreciation and tax | 123,460 | 116,156 |
| Realised investment gains / (losses) | 36,557 | (19,492) |
| Unrealised investment gains | 73,623 | 2,636 |
| At 31 July | <u>2,056,527</u> | <u>1,822,887</u> |
| Restricted Reserve | | |
| At 1 August | 1,223,148 | 1,235,227 |
| Realised investment gains / (losses) | 24,530 | (13,969) |
| Unrealised investment gains | 49,400 | 1,890 |
| At 31 July | <u>1,297,078</u> | <u>1,223,148</u> |

17 Reconciliation of Consolidated Operating Surplus to Net Cash Inflow / (Outflow) from Operating Acti

| | Year ended 31 July 2004 £ | Year ended 31 July 2003 £ |
|--|---------------------------------|---------------------------------|
| Surplus on continuing operations after depreciation of assets at valuation and tax | 123,460 | 116,156 |
| Depreciation (note 9) | 145,573 | 127,371 |
| Deferred capital grants released to income (note 1&14) | (50,495) | (44,963) |
| Investment income receivable | (131,700) | (148,948) |
| Decrease / (Increase) in debtors | 27,370 | (53,752) |
| Increase/(decrease) in creditors | 44,732 | (93,508) |
| Interest receivable (note 4) | (19,856) | (9,057) |
| Net cash inflow / (outflow) from operating activities | <u>139,084</u> | <u>(106,701)</u> |

18 Returns on Investments and Servicing of Finance

| | Year ended 31 July 2004 £ | Year ended 31 July 2003 £ |
|---|---------------------------------|---------------------------------|
| Income from investments | 131,700 | 148,948 |
| Other interest received | 19,856 | 9,057 |
| Net cash inflow from returns on investment and servicing of finance | <u>151,556</u> | <u>158,005</u> |

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

| | Year ended 31 July 2004 £ | Year ended 31 July 2003 £ |
|--|---------------------------------|---------------------------------|
| Purchase of tangible fixed assets | (85,920) | (231,645) |
| Payments to acquire fixed assets investments | (1,107,483) | (475,665) |
| Sales of tangible fixed assets investments | 1,067,464 | 737,862 |
| Deferred capital grants received | 39,232 | 85,654 |
| Net cash (outflow) inflow from capital expenditure and financial investment | (86,707) | 116,206 |

20 Analysis of Changes in Net Funds

| | At 1 August 2003 £ | Cashflows £ | At 31 July 2004 £ |
|------------------------------|--------------------------|----------------|-------------------------|
| Cash in hand, and at bank | 226,527 | 265,189 | 491,716 |
| Cash held with Fund Managers | 347,909 | (61,256) | 286,652 |
| Total | 574,436 | 203,933 | 778,369 |

21 Pension and similar obligations

The College's employees belong to two principal pension schemes, the Teachers' Pensions Scheme (TPS) and a group personal Pension Scheme (GPPS). The total pension cost for the period was £110,718 (2003 - £77,040).

Teachers' Pension Scheme

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

SSAP 24

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

| | |
|--|----------------------|
| Latest actuarial valuation | 31 March 2001 |
| Actuarial method | Prospective Benefits |
| Investment returns per annum | 7.0% per annum |
| Pensions increases per annum | 5.0% per annum |
| Market value of assets at date of last valuation | £142,880 million |
| Proportion of members' accrued benefits covered by the actuarial value of the assets | 100% |

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the government actuary carried out a further review on the level of employers' contributions. For the period from 1 August 2003 to 31 July 2004 the employer contribution was 13.5%.

FRS 17

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

Working Men's College Corporation

22 Capital Commitments

| | Year ended 31 July 2004 £ | Year ended 31 July 2003 £ |
|---------------------------------------|---------------------------------|---------------------------------|
| Commitments contracted for at 31 July | <u>47,999</u> | <u>0</u> |

23 Financial Commitments

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

| | Year ended 31 July 2004 £ | Year ended 31 July 2003 £ |
|--------------------------|---------------------------------|---------------------------------|
| Equipment | | |
| Expiring within one year | <u>0</u> | <u>4,329</u> |

The lease on the photocopier expired in October 2003.

24 Learner Support Funds

| | Year ended 31 July 2004 £ | Year ended 31 July 2003 £ |
|--|---------------------------------|---------------------------------|
| Access Funds | | |
| Learning & Skills Council Grants | 76,425 | 41,922 |
| Disbursed to Students | (53,450) | (44,981) |
| Administration fees | (2,110) | (2,237) |
| Balance unspent / (overspent) at 31 July | <u>20,865</u> | <u>(5,296)</u> |
| Other Learner Support Funds - Childcare | | |
| Learning & Skills Council Grants | 62,283 | 26,687 |
| Disbursed to Students | (79,982) | (19,851) |
| Administration fees | (3,166) | (1,005) |
| Balance (overspent) / unspent at 31 July | <u>(20,865)</u> | <u>5,831</u> |
| Total Learner Support Funds: balance unspent | <u>0</u> | <u>535</u> |

Learning & Skills Council Grants are available solely for students; the college acts only as a paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

The College received a £4,845 refund from the LSC in 2003/04 for the 2002/03 spending of the Learner Support Fund.

25 Related Party Transactions

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

26 Directors' and Officers' liability insurance

The College has purchased directors' and officers' liability insurance. The insurance premium paid by the College during the year was £2,100 and provides cover of up to a maximum of £500,000 for all claims during a year.