

**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 2005**



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

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Report of the Members of the Corporation for the year ended 31 July 2005

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 2005.

Legal Status

The Working Men's College Corporation is a 'Designated Institution' under the Further and Higher Education Act 1992. It is also a company limited by guarantee not having a share capital and a registered charity. In addition to falling within the jurisdiction of the 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

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 and in particular those who lack skills in the areas of language, literacy and numeracy.

Objectives

The College is committed to:

- A high quality educational environment suitable for adults in 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.
- Provide an education of the highest quality, rigour and standards.

Objectives (cont...)

- 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.
- 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 as it moves beyond its 150th year. The College 3 Year Development Plan (agreed during this reporting period) responds to the rapid pace of change in the sector.

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).

Financial Objectives

The College's financial objectives are:

- To generate a modest annual surplus on operating activities and build a secure financial base by ensuring:
 - Reserves are 100% of income
 - Cash Days of 50 or more at all times
 - Cash inflow from operating activities
 - Current ratio of more than 1.5:1
- To fund the refurbishment of the college premises pending the implementation of the Accommodation Strategy and confirmation of LSC contribution.
- To maintain Financial Health Category A, or to return to Category A within 2 years of capital works to implement the Accommodation Strategy.

i) To develop and obtain funding for the Accommodation Strategy.

In September 2005 applications to the LSC were submitted for Capital and DDA works. These have been developed in discussion with members of Corporation and the LSC since 2004, and have evolved into a "Preferred Option".

The "Preferred Option" is for a total of £2,821,000 over and above the £1,000,000 DDA expenditure; giving a total project cost of £3,821,000. The College is seeking a contribution of 35% (£988,000) from the LSC on the balance of £2,821,000.

The "Preferred Option" includes 60 additional 19+ FTEs in 2007/08 and a further 20 19+ FTEs in 2008/09 giving a total learner increase of 80 FTEs.

- ii)** Diversify funding by developing alternative funded courses and activities, which meet the demand of local communities (both business and residential) and can be delivered in the college's premises if Learning & Skills Council funded growth is not forthcoming.

Investment Fund

- To review fund management objectives regularly.
- To achieve a balance between income and capital growth
- To achieve a total return of Inflation + 4% (for 2005/06)
- To seek to invest the funds in the following proportions:
 - - 15% ~ 25% in Government Stock or Fixed Interest Securities
 - - up to 75% in Equities (10 - 20% in overseas equities)
 - - 5% ~ 10% in Cash

Performance Indicators

A series of performance indicators have been agreed to monitor the implementation of the Development Plan

Although the LSC continues to measure FE performance in terms of contribution to national targets, individual colleges are now required to submit three-year development plans which are reviewed each year. These development plans focus on four headline targets:

- learner number growth and achievement of LSC funding targets
- learner success rates
- teacher qualifications
- employer engagement

In 2004/05 the College exceeded all its learner number growth targets including sub-target for adult basic skills learner number growth. The target for 16-18 was not met..

• Learner Numbers and Funding Target;

The College achieved its funding target

2004/05	Funding	Outturn	Difference
16-18	99,918	87,296	-12,622
Adult Skills for Life	1,789,452	1,875,931	86,479
General Adult	1,025,042	1,245,003	219,961
ALS	38,588	58,475	19,887
Total	2,953,000	3,266,705	313,705
Total Adult	2,814,494	3,120,934	306,440

During the year the LSC paid an additional £77,000 for achievement above target in 2003/04 in priority areas.

• Learner Numbers;

Student numbers have increased from a base of 2,000 to around 3,500 between 1999-2000 and 2004-05; an increase of 75% over a four year period.

This is reflected in year on year increase in Full Time Equivalents (FTEs):

Year	FTE Target	Delivery FTE	%age above
2002/03	622	677	9%
2003/04	702	835	19%
2004/05	749	920	23%

In-year retention rates;

The retention rate aggregated for all courses was 90%.

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- **Achievement rates;**

The achievement rate aggregated for all courses was 89%.

The Success rate was 80% against the Development Plan Target of 75%.

- **Level of Funding (per FTE).**

2004/05

	FTE	Funding	Funding/FTE
Basic Skills (base)	350	1,600,203	4,572
Basic Skills (growth)	38	189,249	4,980
Basic Skills subtotal	388	1,789,452	4,612
Other (base)	331	1,025,072	3,097
Other (unfunded)	160	0	0
Under 19 (base)	21	71,996	3,428
Under 19 (growth)	9	27,922	3,102
Under 19 subtotal	30	99,918	3,331
ALS		38,558	
Total funded	749	2,953,000	3,943

2003/04

2003/04	FTE	Funding	Funding/FTE
Basic Skills (base)	273	1,173,000	4,297
Basic Skills (growth)	13	56,000	4,308
Basic Skills (growth in year)	63	252,358	4,006
Basic Skills Total	349	1481358	4,245
Other (base)	329	942,200	2,864
Other (growth)	3	7,390	2,463
Other Total	332	949590	2,860
Under 19 Total	21	66,800	3,181
ALS	0	37,000	
Total	702	2,534,748	3,611

Curriculum Development and Management

This was the third year of operation with the new management structure. The main programme areas were:

- Skills for Life - ESOL and Basic Skills.
- Visual & Performing Arts including Vocational Education
- Information and Communication Technology

The College also offers a range of languages.

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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, quality 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.

Student Support

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.

Quality Assurance

During the year the College appointed an Assistant Director Quality

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.

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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.

Teacher Qualifications and Staff Development

The College introduced a Continuing Professional Development (CPD) programme for 04/05 which received a budget of £30,000 (1% of total income). This increased commitment to staff development was in response to some of the action points arising from the post-inspection action plan. Almost half the CPD budget was allocated to supporting Skills for Life teachers in obtaining the appropriate level of teacher-qualified status.

The College is working with the other London 4 SDI Colleges to agree a recognised qualifications framework that takes into account LSC requirements for new entrants and for Skills for Life teachers. The requirements vary depending on volume and quality of teaching and length of experience. The College is also developing a partnership with the Institute of Education to fast-track teachers onto the Stage 3 of the City and Guilds qualification through prior accreditation. These developments are central to the College's strategy for increasing the qualification-rate of teachers. The conventional teacher-qualification route will remain open for these teachers.

Community Responsiveness and Employer Engagement

The College has implemented a community engagement strategy over the past 5 years. This has established provision at 26 local outreach venues, and built a number of proactive partnerships and close working relationships with the voluntary and community sector in central Camden. In 2004/05 there was further to increase our responsiveness by working more closely with employers. An interim manager was employed to undertake some preliminary contact and research work, and as a result the number of employers we are actively involved with increased by seven and a decision was taken at the end of the year to establish a Business Development Unit and appoint a manager.

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, the Primary Care Trust, the King's Cross redevelopment and projects coming from the voluntary and community sector. The development of a Medical Receptionists' course was a result of the work of the Health Development Worker at Central Camden Community Umbrella Group.

Good progress is being made against the targets set in the 2005-08 3 Year Development Plan. Employer links have been established with ICT and Skills for Life areas and the number of employer related courses increased by more than 20% in 2004-05, ahead of target. Links are established with Camden PCT, North Central London Strategic Health Authority and London Borough of Camden, and employment progression routes for Skills for Life students being established.

Transparency arrangements

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.

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

The College generated an operating surplus of for the year to 31 July 2005 of £412,697. This compares with a surplus of £123,460 for 2003/04 and £116,156 for the year 2002/03.

There was a realised loss resulting from the management of the College's investment portfolio of £2,570 (2003/04 – a gain of £36,537) and an unrealised gain of £576,644 (2003/04 - £132,124)

The total recognised gain is £986,772.

This is the third year in succession in which the College has been able to generate a surplus. In earlier years the College had generated operating deficits and had 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).

Closing Reserves and Endowments are £5,396,176 (2003/04 - £4,409,405).

Post-balance Sheet Events

None.

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 2004 to 31 July 2005, 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.

Staff and Student Involvement

The College considers good communication with staff and students to be important, and this approach was endorsed by the ALI in May 2004.

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. 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.

Taxation

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

Resources

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 refurbishing and re-equipping rooms so that they offer more flexible teaching spaces.

The Accommodation Strategy was reviewed in 2003/04 and the Corporation has developed plans for capital and DDA works totalling about £3.8 million.

Five Year Maintenance Plan

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.

Equality of Opportunity.

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.

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 seeks to achieve the objectives set down in the Disability Discrimination Act 2000 (as amended by the Special Educational Needs and Disability 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) The College has submitted an application to the LSC for support for work aimed at improving access.
- c) 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.
- d) 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.
- e) 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 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.
- f) Specialist programmes are described in programme information guides, and achievements are recorded and published in the standard college format.
- g) Counselling and welfare services are described in the college student handbook/charter and in translated pamphlets provided by the Centre for Student Affairs.

Signed on behalf of the Corporation

Date

20th December 2005

Chair

Ruth M. Green

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Professional Advisers

The College has appointed new Internal Auditors from 1st August 2005:

MacIntyre Hudson,
Greenwood House
4-7 Salisbury Court
London, EC4Y 8BT

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

Bankers:	Bankers:
Bank of Scotland	Barclays Bank plc
600 Gorgie St	99 Hatton Garden
Edinburgh EH11 3ZB	London, EC1N 8DN

Solicitors:	Solicitors:
Bates, Wells & Braithwaite	Levenes
138 Cheapside	Ashley House
London EC2V 6BB	235 High Rd
	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

The College has appointed new Investment Managers from 1st October 2005:

Newton Investment Management Ltd,
Mellon Financial Centre,
160 Queen Victoria St,
London, EC4V 4LA

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 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 2005.

The Corporation

The following Governors were in office at 31 July 2005 and served throughout the year, except where shown:

Name	Date of (Re-) Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees
Margaret Alexander	16/03/2005	3 Years		Appointed	A
John Annette	24/03/2004	3 Years		Appointed	Q/AP/S/R
Ian Bell	26/03/2003	3 Years	15/11/2004	Nominated Staff	A
Pelham Davey	16/03/2005	1 Year		Nominated Student	Q
Richard Deery	17/12/2004	1 Year	08/10/2004	Nominated Staff	H
Asha Kin Farah Duale	24/03/2004	3 Years		Appointed	
Nigel Franklin	16/03/2005	13.08.06		Appointed	A / Q / AP
Satnam Gill	19/10/1999	Ex Officio		Principal / Ex-Officio	All
Famil Guliyev	14/12/2004	3 Years		Nominated Bus.Staff	
Nigel Hathway	16/03/2005	3 Years		Appointed	FPD
Ruth Hawthorn	24/03/2004	3 Years		Appointed	A/ S/ R/Q
Michael Johns CB	13/03/2002	3 Years	21/01/2005	Appointed	FPD / Q
Martin Jones	24/03/2004	3 Years		Appointed	A / Q (Ch)
Alan McCulloch	13/07/2005	3 Years		Nominated Staff	Q
Michael Laschinger (Company Secretary)	16/03/2005	13.08.06		Appointed	A (Ch) / S /R
Selwyn Midgen – (Treasurer)	18/12/2002	13.08.06		Appointed	FPD (Ch) AP(Ch) /R/S
Michael Mockridge	18/12/2002	3 Years		Appointed	
Shingo Nakatani	16/03/2005	3 years		Nominated PT Staff	
Shaun O'Connor	17/07/2002	3 years	13/07/2005	Nominated Staff	H / Q
David Offenbach	24/03/2004	3 Years		Appointed	FPD
Bipin Patel	24/03/2004	3 Years		Appointed	FPD(Ch) / AP
Dilip Patel	24/03/2004	3 Years		Appointed	
ClIr Abdul Quadir	17/07/2002	3 Years		Appointed	FPD
Ruth Silver CBE	13/03/2002	13.08.06		Appointed	R (Ch) S (Ch)
Chair					
Graziella Spigarolo	24/03/2004	1 Year	15/03/2005	Nominated Student	Q
Malcolm Stockley	24/03/2004	1 Year		Nominated Student	

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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

Notes:

On July 13th 2004 Corporation Approved:

Bipin Patel's appointment as Chair of Finance Committee.

Selwyn Midgen to become a member of Audit Committee (resigning from Finance Committee) and

Alan McCulloch's appointment to Quality and Standards Committee.

On March 16th 2005 Corporation:

Noted the resignation of Ruth Hawthorn from the Audit Committee and

Approved her appointment to the Quality and Standards Committee,

Approved the appointment of Margaret Alexander to the Audit Committee,

Approved the appointment of Pelham Davey to the Quality and Standards Committee

Approved the appointment of Nigel Hathway to the Finance, Personnel and Development Committee.

On December 14th 2004 Corporation Approved:

The Appointment of Michael Laschinger to the Remuneration Committee.

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.

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 Corporation meets at least on a termly basis.

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 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)

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

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. Alan Conway was appointed as Clerk in March 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 2005, 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.

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.

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

WORKING MEN'S COLLEGE CORPORATION

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. 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 2005 meeting the Corporation received the Risk Management Annual Report and documentation from internal audit which took account of events since July 2005.

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

Ruth L. Davis
20th December 2005

Date

Chair

Signed

Sarah M. ...

Date

15.12.05.

Principal

Statement of the Responsibilities of the Members of the Corporation

The members of the Corporation (who are also the directors of the company for the purpose of the Companies Act) 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 Companies Act 1985, 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

Date 20th December 2005
Chair [Signature]

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

We have audited the financial statements of Working Men's College for the year ended 31 July 2005 which comprise the income and expenditure account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

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, as a body, 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 Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

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

As described in the Statement of Responsibilities the College's Corporation (who are also the directors of Working Men's College for the purposes of company law) is responsible for preparing the financial statements in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 and the Companies Act 1985. We also report to you if, in our opinion, the Members' Report is not consistent with the financial statements, if the College has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Members' Report and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

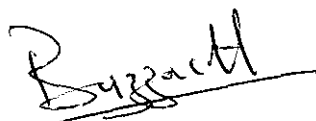
Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom 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 College's 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 2005 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, and the Companies Act 1985.



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

20 December 2005

Date

Independent Auditors' Report on Regularity to the Corporation of Working Men's College ('the Corporation') and the Learning and Skills Council ('the LSC')

In accordance with the terms of our engagement letter dated 14 June 2005 and further to the requirements of the LSC, 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 2005 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 LSC. Our review work has been undertaken so that we might state to the Corporation and the LSC those matters we are required to state to them 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 LSC, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of the Members 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 LSC. We report to you whether, in our opinion, in all material respects, the College's expenditure and income for the year ended 31 July 2005 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 LSC. 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 2005 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.



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

Date

20 December 2005

Working Men's College Corporation
Income and Expenditure Account for the year ended 31 July 2005

	Notes	Year ended 31 July 2005 £	Year ended 31 July 2004 £
Income			
Funding Council Grants	1	3161 657	2683 680
Tuition fees and education contracts	2	238 748	230 994
Other income	3	162 446	119 180
Endowment and Investment income	4	178 529	151 556
Total Income		<u>3,741,380</u>	<u>3,185,410</u>
Expenditure			
Cost of generating funds		23 771	21 394
Staff costs	5	2309 525	2100 472
Other operating expenses	7	853 397	794 511
Depreciation	9	141 990	145 573
Total Expenditure		<u>3,328,683</u>	<u>3,061,950</u>
Surplus on continuing operations before tax		412,697	123,460
Taxation	8	-	-
Surplus on continuing operations after tax		<u>412,697</u>	<u>123,460</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 2005

	Notes	Year ended 31 July 2005 £	Year ended 31 July 2004 £
Surplus on continuing operations after depreciation of assets at valuation and tax		412,697	123,460
Realised gains / (losses) on disposal of investments		(2,570)	36,537
Unrealised gains on listed and endowment investments		576,644	132,124
Total recognised gains relating to the period		<u>986,771</u>	<u>292,121</u>
Reconciliation			
Opening reserves and endowments		4,409,405	4,117,284
Total recognised gains for the year		986,771	292,121
Closing reserves and endowments		<u>5,396,176</u>	<u>4,409,405</u>

Statement of Historical Cost Surpluses and Deficits for
the year ended 31 July 2005

	Notes	Year ended 31 July 2005 £	Year ended 31 July 2004 £
Surplus on continuing operations before taxation		412,697	123,460
Losses on investments sold		(8,840)	(149,897)
Historical cost (deficit) / surplus for the period before taxation		<u>403,857</u>	<u>(26,437)</u>
Historical cost (deficit) / surplus for the period after taxation		<u>403,857</u>	<u>(26,437)</u>

Working Men's College Corporation
Balance Sheet as at 31 July 2005

	Notes	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Tangible assets	9	439,728		387,058	
Investments	10	<u>2,755,872</u>		<u>2,533,030</u>	
			3,195,600		2,920,088
Endowment Assets	11		<u>1,153,405</u>		<u>1,002,135</u>
			4,349,005		3,922,223
Current assets					
Debtors	12	45,467		62,830	
Investments - cash held by investment managers		469,293		232,988	
Endowments - cash held by investment managers		752		53,665	
Cash at bank and in hand		<u>975,929</u>		<u>491,716</u>	
		1,491,441		841,199	
Creditors: amounts falling due within one year	13	<u>347,916</u>		<u>253,174</u>	
Net current assets			1,143,525		588,025
NET ASSETS			<u><u>5,492,530</u></u>		<u><u>4,510,248</u></u>
Deferred capital grants	14		96,354		100,843
Endowments					
Specific	15	148,832		137,769	
General	15	<u>1,005,325</u>		<u>918,031</u>	
		1,154,157		1,055,800	
Restricted reserve	16	1,481,071		1,297,078	
General reserve	16	<u>2,760,948</u>		<u>2,056,527</u>	
		4,242,019		3,353,605	
			5,396,176		4,409,405
TOTAL			<u><u>5,492,530</u></u>		<u><u>4,510,248</u></u>

The financial statements on pages 24 to 39 were approved by the governing body on 15th December 2005 and were signed on its behalf by:-

Principal



Chair



Working Men's College Corporation
Cash Flow Statement for the year ended 31 July 2005

	Notes	Year ended 31 July 2005 £	Year ended 31 July 2004 £
Cash flow from operating activities	17	454,682	139,084
Returns on investments and servicing of finance	18	178,529	151,556
Capital expenditure and financial investment	19	34,394	(86,707)
Increase in cash in the period	20	<u>667,605</u>	<u>203,933</u>

Reconciliation of net cash flow to movement in net funds

Movement in net funds in period		667,605	203,933
Net funds at 1 August	20	778,369	574,436
Net funds at 31 July	20	<u>1,445,974</u>	<u>778,369</u>

Notes to the Financial Statements for the year ended 31 July 2005

Statement of Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting in Further and Higher Education Institutions and in accordance with applicable Accounting Standards. They conform to guidance published by the Learning and Skills Council ("the LSC"), in Circular 05/02.

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.

The recurrent grants from the LSC and HEFCE represent the funding allocations attributable to the current financial year and are credited direct to the income and expenditure account. Recurrent grants are recognised in line with planned activity. Any under-achievement against this planned activity is adjusted in-year and reflected in the level of recurrent grant recognised in the income and expenditure account.

Non-recurrent grants from the LSC or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Pension schemes

Retirement benefits to employees of the College are provided by the Teachers' Pension 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 (SERPS). Contributions to the scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are 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.

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.

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 LSC 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.

1 Funding Council Grants

	Year ended 31 July 2005	Year ended 31 July 2004
	£	£
Recurrent grant	2,953,000	2,534,748
Adjustment to recurrent funding relating to previous year	102,636	38,375
Releases of deferred capital grants	35,900	50,495
Local Intervention Development Funds	48,652	16,000
Other funds	21,469	44,062
	3,161,657	2,683,680

2 Tuition Fees and Education Contracts

	Year ended 31 July 2005	Year ended 31 July 2004
	£	£
UK Further Education students	224,231	227,045
European Union (EU) (excluding UK) students	12,445	1,999
Non-EU students	2,072	1,950
Total fees paid by or on behalf of individual students	238,748	230,994
Education contracts	0	0
	238,748	230,994

3 Other Income

	Year ended 31 July 2005	Year ended 31 July 2004
	£000	£000
Rental income	32,476	36,285
Legacies	0	8,066
Other income	129,970	74,829
	162,446	119,180

4 Endowment and Investment Income

	Year ended 31 July 2005	Year ended 31 July 2004
	£	£
Dividends and interest on listed investments and endowment assets	138,470	131,700
Bank interest	40,059	19,856
	178,529	151,556

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 2005 Number	Year ended 31 July 2004 Number
Teaching departments - teaching staff	47	46
Teaching departments - other staff	4	4
Teaching support services	7	5
Administration and central services	22	19
Premises	2	2
	<u>82</u>	<u>76</u>

Staff costs for the above persons:

	Year ended 31 July 2005 £	Year ended 31 July 2004 £
Wages and salaries	2,023,265	1,843,452
Social security costs	165,565	146,302
Other pension costs	120,695	110,718
	<u>2,309,525</u>	<u>2,100,472</u>

Teaching departments -staff	1,320,426	1,205,591
Teaching departments -other staff	109,364	103,394
Teaching support services	159,930	126,530
Administration and central services	654,393	615,312
Premises	49,711	49,645
Staff restructuring	15,701	0
Total	<u>2,309,525</u>	<u>2,100,472</u>

	Year ended 31 July 2005 £	Year ended 31 July 2004 £
Employment costs for staff on permanent contracts	1,908,677	1,648,807
Employment costs for staff on short-term and temporary contracts	385,147	451,665
Staff restructuring	15,701	0
	<u>2,309,525</u>	<u>2,100,472</u>

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

	Year ended 31 July 2005	Year ended 31 July 2004
£ 20,001 to £ 30,000	0.7	0.6
£ 40,001 to £ 50,000	1	-
£ 50,001 to £ 60,000	-	1
£ 60,001 to £ 70,000	1	1
£ 80,001 to £ 90,000	1	-
£ 90,001 to £ 100,000	-	1
	<u>3.7</u>	<u>3.6</u>

A general pay award of 4% was made with effect from 1 September 2004, approved by the corporation.

One of the senior postholders joined in January 2005, therefore their full annual salary is not reflected in the table above.

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

	Year ended 31 July 2005	Year ended 31 July 2004
	Number	Number
The number of senior post-holders including the Principal was:	<u>3.7</u>	<u>3.6</u>
Senior post-holders' emoluments are made up as follows:	£	£
Salaries	196,250	207,616
Benefits in kind	1,113	1,845
Pension contributions	22,681	31,004
Total emoluments	<u>220,044</u>	<u>240,465</u>

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

	Year ended 31 July 2005	Year ended 31 July 2004
	£	£
Salary	77,573	78,946
Benefits in kind	557	525
	<u>78,130</u>	<u>79,471</u>
Pension contributions	<u>9,653</u>	<u>13,795</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 4% in line with the general pay award.

Overseas activities

None of the Governors or senior postholders was involved in any overseas activity during the year ended 31 July 2005 (2004 - none).

7 Other Operating Expenses

	Year ended 31 July 2005	Year ended 31 July 2004
	£	£
Teaching departments	58,560	54,667
Teaching support services	48,602	53,065
Other support services	17,779	21,095
Administration and central services	270,851	242,584
General education	201,507	144,544
Premises costs	172,945	163,720
Premises costs	83,153	114,836
Running costs		
Maintenance		
Total	<u>853,397</u>	<u>794,511</u>

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

Other operating expenses include:	Year ended 31 July 2005 £	Year ended 31 July 2004 £
Auditors' remuneration:		
financial statements audit	12,331	11,603
regularity audit	4,112	-
internal audit	9,329	8,121
other services from either external or internal auditors	<u>19,129</u>	<u>2,261</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 & equipment £	Total £
Cost						
At 1 August 2004	178,152	202,210	399,158	154,409	105,835	1,039,764
Additions	-	105,170	70,811	15,059	5,939	196,979
Disposals	-	(421)	(126,867)	(1,946)	(1,187)	(130,421)
At 31 July 2005	<u>178,152</u>	<u>306,959</u>	<u>343,102</u>	<u>167,522</u>	<u>110,587</u>	<u>1,106,322</u>
Depreciation						
At 1 August 2004	80,173	47,851	323,960	127,928	72,794	652,706
Charge for year	8,908	30,837	67,264	17,278	17,703	141,990
Disposals	-	(85)	(125,113)	(1,717)	(1,187)	(128,102)
At 31 July 2005	<u>89,081</u>	<u>78,603</u>	<u>266,111</u>	<u>143,489</u>	<u>89,310</u>	<u>666,594</u>
Net book value						
At 31 July 2005	<u>89,071</u>	<u>228,356</u>	<u>76,991</u>	<u>24,033</u>	<u>21,277</u>	<u>439,728</u>
Net book value						
At 1 August 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>
Analysis of 31 July 2005 net book value						
Financed by capital grant	-	70,464	25,890	-	-	96,354
Other	89,071	157,892	51,101	24,033	21,277	343,374
Net book value						
At 31 July 2005	<u>89,071</u>	<u>228,356</u>	<u>76,991</u>	<u>24,033</u>	<u>21,277</u>	<u>439,728</u>

Working Men's College Corporation
10 Fixed Asset Investments

Listed Securities at valuation

	Fixed Interest UK Govt Stocks £	Equities £	Total £
At 1 August 2004	45,602	2,487,428	2,533,030
Additions	0	236,477	236,477
Disposal proceeds	(43,680)	(445,672)	(489,352)
Realised (losses) / gains on disposal of investments	(1,922)	8,237	6,315
Unrealised gains	0	469,402	469,402
At 31 July 2005	<u>0</u>	<u>2,755,872</u>	<u>2,755,872</u>

The original cost of assets included above at valuation is:

At 31 July 2005	<u>0</u>	<u>2,126,687</u>	<u>2,126,687</u>
At 31 July 2004	<u>44,510</u>	<u>2,335,031</u>	<u>2,379,541</u>

The total net unrealised gains at 31 July 2005 amounted to £629,185 - (2004 £153,489)

At 31 July 2005 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	251,800	6.4%
Treasury 5% 2012	265,575	6.8%
Treasury stock 5% 2008	208,100	5.3%

11 Endowment Assets

	Year ended 31 July 2005 £	Year ended 31 July 2004 £
Balance at 1 August 2004	1,002,135	929,277
Additions	268,454	556,727
Disposals proceeds	(215,541)	(468,420)
Realised losses on disposal of investments	(8,885)	(24,550)
Unrealised gains	107,242	9,101
Balance at 31 July 2004	<u>1,153,405</u>	<u>1,002,135</u>
Represented by:		
Fixed interest stocks (listed)	901,273	819,695
Equities (listed)	252,132	182,440
Total	<u>1,153,405</u>	<u>1,002,135</u>
The original cost of assets included above at valuation is:		
Fixed interest stocks (listed)	852,459	805,533
Equities (listed)	161,791	161,467
	<u>1,014,250</u>	<u>967,000</u>

Total net unrealised gains at 31 July 2005 amounted to £139,154 - (2004 £35,135).

Working Men's College Corporation
12 Debtors

	Year ended 31 July 2005 £	Year ended 31 July 2004 £
Amounts falling due within one year:		
Trade Debtors	6,977	19,300
Other Debtors	8,110	3,741
Prepayments and accrued income	30,380	39,789
Total	45,467	62,830

13 Creditors: Amounts Falling Due Within One Year

	Year ended 31 July 2005 £	Year ended 31 July 2004 £
Payments received in advance	34,905	78,930
Trade creditors	142,557	35,757
Other taxation and social security	57,230	54,899
Accruals	98,073	76,861
Other creditors	15,151	0
Provision for clawback of LSC recurrent funding	0	6,727
	347,916	253,174

14 Deferred Capital Grants

	LSC Grants £	LSC Grants £
At 1 August 2004		
Building improvements (DDA/SENDA)	44,955	
Computer Equipment	51,243	
Technical Equipment	1,227	
Furniture, fixtures and other equipment	3,418	100,843
Cash Received		
Building improvements (DDA/SENDA)	31,411	
Computer Equipment	-	
Technical Equipment	-	
Furniture, fixtures and other equipment	-	31,411
Released to income and expenditure account		
Building improvements (DDA/SENDA)	(5,902)	
Computer Equipment	(25,353)	
Technical Equipment	(1,227)	
Furniture, fixtures and other equipment	(3,418)	(35,900)
Total		96,354
As 31 July 2005		
Building improvements (DDA/SENDA)		70,464
Computer Equipment		25,890
Technical Equipment		-
Furniture, fixtures and other equipment		-
Total		96,354

Analysis of capital grants received from the Learning and Skills Council during 2004/05

	£
Building improvements (DDA/SENDA)	31,411
Total	31,411

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 2004	137,769	918,031	1,055,800
Unrealised gains in year on endowment asset investments	12,063	95,179	107,242
Realised losses on endowment asset investments	(1,000)	(7,885)	(8,885)
At 31 July 2005	<u>148,832</u>	<u>1,005,325</u>	<u>1,154,157</u>
Representing			
Prizes funds	48,322	0	48,322
Library funds	79,092	0	79,092
Other funds	21,418	1,005,325	1,026,743
Total	<u>148,832</u>	<u>1,005,325</u>	<u>1,154,157</u>

16 Movement on Reserves

	Year ended 31 July 2005 £	Year ended 31 July 2004 £
General Reserve - Income and Expenditure Account		
At 1 August 2004	2,056,527	1,822,887
Movement on income and expenditure account after depreciation and tax	412,697	123,460
Realised investment gains	3,873	36,557
Unrealised investment gains	287,851	73,623
At 31 July 2005	<u>2,760,948</u>	<u>2,056,527</u>
Restricted Reserve		
At 1 August 2004	1,297,078	1,223,148
Realised investment gains	2,442	24,530
Unrealised investment gains	181,551	49,400
At 31 July 2005	<u>1,481,071</u>	<u>1,297,078</u>

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

	Year ended 31 July 2005 £	Year ended 31 July 2004 £
Surplus on continuing operations after depreciation of assets at valuation and tax	412,698	123,460
Depreciation (note 9)	141,990	145,573
Loss on disposal of fixed assets (note 9)	2,319	0
Deferred capital grants released to income (note 1&14)	(35,900)	(50,495)
Investment income receivable	(138,470)	(131,700)
Decrease / (Increase) in debtors	17,363	27,370
Increase/(decrease) in creditors	94,741	44,732
Interest receivable (note 6)	(40,059)	(19,856)
Net cash inflow / (outflow) from operating activities	<u>454,682</u>	<u>139,084</u>

18 Returns on Investments and Servicing of Finance

	Year ended 31 July 2005 £	Year ended 31 July 2004 £
Income from investments	138,470	131,700
Other interest received	40,059	19,856
Net cash inflow from returns on investment and servicing of finance	<u>178,529</u>	<u>151,556</u>

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

	Year ended 31 July 2005 £	Year ended 31 July 2004 £
Purchase of tangible fixed assets	(196,979)	(85,920)
Payments to acquire fixed assets investments	(504,931)	(1,107,483)
Sales of tangible fixed assets investments	704,893	1,067,464
Deferred capital grants received	31,411	39,232
Net cash (outflow) inflow from capital expenditure and financial investment	34,394	(86,707)

20 Analysis of Changes in Net Funds

	At 1 August 2004 £	Cashflows £	At 31 July 2005 £
Cash in hand, and at bank	491,716	484,213	975,929
Cash held with Fund Managers	286,653	183,392	470,045
Total	778,369	667,605	1,445,974

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 £120,695 (2004 - £110,718).

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%
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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 2004 to 31 July 2005 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 2005 £	Year ended 31 July 2004 £
Commitments contracted for at 31 July 2005	-	47,999

23 Learner Support Funds

	Year ended 31 July 2005 £	Year ended 31 July 2004 £
Access Funds		
Learning & Skills Council Grants	59,843	76,425
Disbursed to Students	(42,715)	(53,450)
Administration fees	(2,136)	(2,110)
Balance unspent / (overspent) at 31 July	14,992	20,865
Other Learner Support Funds - Childcare		
Learning & Skills Council Grants	23,338	62,283
Disbursed to Students	(35,960)	(79,982)
Administration fees	(1,858)	(3,166)
Balance (overspent) / unspent at 31 July	(14,480)	(20,865)
Total Learner Support Funds: balance unspent	512	-

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 £9,559 refund from the LSC in 2004/05 for the 2003/04 spending of the Learner Support Fund.

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 during the year was £2,100 and provides cover of up to a maximum of £500,000 for all claims during a year.