

**THE NORTHERN COLLEGE FOR
RESIDENTIAL ADULT EDUCATION LIMITED**

(A Company Limited By Guarantee Having No Share Capital)

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1999**

Company Registration Number 1339524

Charity Number 507245

**GIBSON BOOTH
Chartered Accountants & Registered Auditors
12 Victoria Road
Barnsley
South Yorkshire
S70 2BB**



THE NORTHERN COLLEGE FOR RESIDENTIAL ADULT EDUCATION LIMITED

31 JULY 1999

CONTENTS	PAGE
Corporate Governance Statement of the System of Internal Financial Control	1
Report of the Board of Governors	2-10
Auditors' Report	11
Income and Expenditure Account	12
Statement of Total Recognised Gains and Losses	13
Balance Sheet	14
Cash Flow Statement	15
Notes to the Accounts	16-30

**THE NORTHERN COLLEGE FOR
RESIDENTIAL ADULT EDUCATION LIMITED**

**Corporate Governance Statement of the System of
Internal Financial Control**

As accounting officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by Northern College.

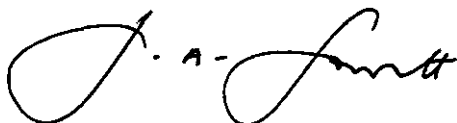
The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal financial control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- Comprehensive budgeting systems with an annual budget that is reviewed and agreed by the governing body
- Regular reviews by the governing body of the 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 discipline where appropriate.

The Northern College has an internal audit service, which operates in accordance with the requirements of the Council'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 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 least annually, the head of internal audit (HIA) provides the governing body with a report on the internal activity in the college. The report includes the HIA's independent opinion on the adequacy of the college's system of internal control, including internal financial control.

My review of the effectiveness of the system of internal financial control is informed by the work of the internal auditors, the audit committee which oversees the work of the internal auditor, the executive managers within the college who have responsibility for the development and maintenance of the financial control framework, and comments made by the external auditors in their management letter and other reports.



Professor J A Jowitt
Principal

6 December 1999

THE NORTHERN COLLEGE FOR RESIDENTIAL ADULT EDUCATION LIMITED

REPORT OF THE BOARD OF GOVERNORS FOR THE YEAR ENDED 31 JULY 1999

The College

The Northern College for Residential Adult Education was set up in 1978, by a consortium of local authorities and trade unions to provide long-term residential education for adults. It is one of six residential colleges in England designated, under section 28 of the Further and Higher Education Act 1992, as eligible to receive funding from the Further Education Funding Council (FEFC). The college is an exempt charity for the purposes of the Charities Act 1993.

The Company

The Northern College Company comprises six full members, the local authorities of Barnsley, Doncaster, Rotherham, Sheffield and Leeds, and the trade union UNISON. Bradford City Council and Kirklees MDC are associate members. The City of Wakefield Metropolitan District Council also purchases educational programmes from the College.

Mission

The college's mission as approved by its Board of Governors is:

To provide high quality learning experiences for adults who have had little or no opportunity for education and training. To do this in support of lifelong learning, widening participation, partnerships and community regeneration. To offer facilities for study in a residential learning environment, and, where appropriate, in a community setting or through distance learning, in order to assist individuals, groups, organisations and communities to realise their full potential.

Objectives

The production of the strategic plan for the period 1 August 1997 to 31 July 2000 was postponed, with the permission of the FEFC, until the completion of the review of the Long Term Residential Colleges (LTRCs). However, the college's continuing strategic objectives as approved by the Board of Governors are:

- A continued commitment to the college's mission
- To further diversify the college's provision for adult students
- A continuing commitment to improving the quality of provision
- To achieve growth targets for student enrolments set by the FEFC
- To improve support for students
- To improve the quality of accommodation and further improve disabled access
- To maintain the financial viability of the college and continue to achieve category "A" status as assessed by the FEFC

The college is on target for achieving these objectives.

THE NORTHERN COLLEGE FOR RESIDENTIAL ADULT EDUCATION LIMITED

REPORT OF THE BOARD OF GOVERNORS FOR THE YEAR ENDED 31 JULY 1999

The college's specific objectives for 1998/99 and achievement of those objectives is addressed below:

- The college achieved an estimated 5,409 student enrolments against its target of 4,423 (see below).
- The college achieved an estimated 273 FTEs against the FEFC target of 264.7 (see below).
- Building work has commenced on the replacement of the sub-standard Annexe residential accommodation.
- To secure the Investors in People re-recognition; this was achieved
- To explore the possibility of securing Accredited status for the college; an application has been submitted.
- To maintain financial viability of the college; the college received confirmation from the FEFC that its financial forecast for the period 1998 to 2001 was assessed as financial health category A.

Performance Indicators/Quality Assurance

The college continues to operate its Integrated Performance Review Framework to establish principles and procedures for quality assurance and quality improvement across all services and areas of the college. College-wide performance indicators and targets are set, as well as those for each of the college's main functions or departmental teams. Progress reports and annual reports are considered by the governing body.

Student Numbers

The college is funded by the FEFC to generate a target number of FTEs. In 1998/99 the college achieved an estimated 273 FTEs against the target set by the FEFC of 264.7. The estimated 273 FTEs equate to 2,726 student enrolments. This represents growth of 3% over 1997/98.

In addition, the college achieved 2,683 student enrolments not funded by the FEFC.

Student Achievements

Students achieved an estimated 87% of their qualification aims (1998: 79%)

Curriculum Developments

Methods of teaching and learning are under continuous review and development to ensure that the curriculum meets the needs of the local population.

These include:

- The continued growth of laptop outreach provision in order to support and enhance residential learning.

THE NORTHERN COLLEGE FOR RESIDENTIAL ADULT EDUCATION LIMITED

REPORT OF THE BOARD OF GOVERNORS FOR THE YEAR ENDED 31 JULY 1999

- The development of a Community Regeneration course in conjunction with other partners.
- Increased emphasis on basic skills provision as part of the overall college programme.

Governance and Management

The college's Board of Governors conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Board of Governors. These committees are: Policy and Finance, Buildings and Development, Audit, Quality, Academic Board, Search and Remuneration. The Board and its committees meet termly with the exception of the Policy and Finance Committee that meets twice termly and the Remuneration and Search committees that are convened as necessary. Full minutes of all meetings are available from the clerk to the Governors at:

**Northern College for Residential Adult Education Limited
Wentworth Castle
Stainborough
Barnsley**

The Clerk to the Governors maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

Finances

The college generated an operating surplus in the year of £22,237 (1997/98 £204,590) compared with the planned surplus for the year of £30,160.

During the year the college's Board of Governors approved a capital expenditure programme of £942,000 which included the sum of £720,000 for the replacement of the sub-standard residential accommodation. Sums have been set aside to fund the new building from the college's own reserves and cash balances, although an application has been submitted to the FEFC for financial support.

The college has accumulated general reserves of £513,530 and cash balances of £203,337. The college wishes to continue to accumulate reserves and cash balances in order to fund future capital developments.

Staff and Student involvement

The college considers good communication with its staff to be very important and to this end publishes a regular newsletter that is available to all staff. The college continues to encourage staff and student involvement through the membership of formal committees and working groups.

Taxation

The college was not liable for any corporation tax arising out of its activities during 1998/99.

THE NORTHERN COLLEGE FOR RESIDENTIAL ADULT EDUCATION LIMITED

REPORT OF THE BOARD OF GOVERNORS FOR THE YEAR ENDED 31 JULY 1999

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 1995 and in particular makes the following commitments:

- a. 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 policy;
- b. Each student is allocated a course tutor or personal tutor to assist in the assessment of the need for any appropriate support;
- c. The college has undertaken an accessibility audit and has begun a programme of work to ensure that where possible, given the physical constraints of the Grade 1 listed building, most of the facilities will allow access to people with a disability.
- d. There is specialist equipment such as CCTV readers, PC software, magnifying glasses, loop systems, audio books, and portable electronic spelling checkers that are available for use by students.
- e. The college provides support services for students who have learning difficulties and/or disabilities such as note taking and signing facilities, appropriate learning materials, appropriate individual and workshop tuition and facilities for guide dogs.
- f. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- g. Counselling and welfare services are described in the college charter.

Planned Maintenance Programme

The cost of the college's planned maintenance programme over a period of five years is estimated to be £900,000. The programme was developed following a survey of the college's estate that was carried out during 1997/98. The programme is reviewed each year.

**THE NORTHERN COLLEGE FOR
RESIDENTIAL ADULT EDUCATION LIMITED**

**REPORT OF THE BOARD OF GOVERNORS
FOR THE YEAR ENDED 31 JULY 1999**

The college plans to carry out the works that were outstanding at 31 July 1999, together with the works planned for the following two years, by 31 July 2002 and has set aside funds for this purpose.

Year 2000 Compliance

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

A college-wide programme, designed to address the impact of the year 2000 on the business, has been commissioned by the Board of Governors and is under way. Resources have been allocated and the corporation receives regular reports on progress.

A significant risk analysis has been performed to determine the impact of the issues on all the college's activities. From this, prioritised action plans have been developed which are designed to address the key risks in advance of critical dates and without disruption to the underlying business. Priority is given to those systems that could cause a significant financial or legal impact on the college's business if they were to fail. The plan also includes a requirement for the testing of systems changes, involving the participation of users.

The risk analysis also considers the impact on the college's business of year 2000 related failure by significant suppliers (including the college's payroll bureau) In appropriate cases the college has initiated formal communication with these other parties.

Given the complexity of the problem, it is not possible for any organisation to guarantee that no year 2000 problems will remain, because at least some level of failure may still occur. However, the Board of Governors believes that the college will achieve an acceptable state of readiness and has also provided resources to deal promptly with significant subsequent failures or issues that might arise.

Much of the cost of implementing the action plans will be subsumed into the recurring activities of the departments involved. The total cost of modifications to our computer hardware/software is estimated at £15,000. Of this total, expenditure of £2,000 has been incurred during 1998/99 and the remaining £13,000 is expected to be spent by 31 December 1999.

**THE NORTHERN COLLEGE FOR
RESIDENTIAL ADULT EDUCATION LIMITED**

**REPORT OF THE BOARD OF GOVERNORS
FOR THE YEAR ENDED 31 JULY 1999**

Members of the Board of Governors

The members who served the company during the year were as follows:

	Date of appointment	Term of Office	Date of resignation	Status of appointment	Committees served
Cllr E E Jones	16.7.96	3 years	Member- ship renewed 1.8.99	Company Rep	Policy and Finance, Advisory, Company, Remunerations
Cllr M Morgan	24.3.97	3 years		Company Rep	Policy and Finance, Buildings and Development Company, Remunerations
Cllr T Sharman	15.8.96	3 years	31.7.99	Company Rep	Policy and Finance, Buildings and Development Advisory, Company
Cllr W T Jordan	14.5.97	3 years	31.7.99	Company Rep	Policy and Finance, Company
Cllr J Knight	1.8.99	3 years		Company Rep	Company
Cllr J McKenna	7.7.97	3 years		Company Rep	Chair: Policy and Finance. Advisory, Quality, Building and Development, Company Search, Public Accountability
Mr T Chandler	6.7.98	3 years		Company Rep	
Cllr M Walton	25.6.98	3 years		Contributing Local Authorities Rep	Buildings and Development Company, Search
Cllr E McNally	7.7.97	3 years		Contributing Local Authorities Rep	
Prof D Willcocks	18.9.96	3 years	31.7.99	Educational Institution Rep	Advisory, Quality, Search, Remunerations
Prof H Beynon	31.7.96	3 years	31.7.99	Academic Adviser	Chair: Quality

**THE NORTHERN COLLEGE FOR
RESIDENTIAL ADULT EDUCATION LIMITED**

**REPORT OF THE BOARD OF GOVERNORS
FOR THE YEAR ENDED 31 JULY 1999**

	Date of appointment	Term of Office	Date of resignation	Status of appointment	Committees served
Prof W Hampton	1.8.98	3 years		Academic Adviser	Quality, Public Accountability
Ms R Britton	2.12.96	3 years		Business Rep	Buildings and Development
Mr C Chapman	24.3.97	3 years		Business Rep	Chair: Audit. Chair: Public Accountability Search Quality
Mr M A Abbasi	18.12.97	3 years		CRE Rep	
Mr T Goulbourn	8.12.97	3 years		TEC member	
Mr E Hartley	31.7.96	3 years		WEA rep	
Mr M Ball	31.7.96	3 years	Member- ship renewed from 1.8.99	TUC rep	Chair: Buildings and Development, Policy and Finance, Remunerations
Mr S Munir	8.12.97	3 years		Trade Union Rep	
Mr A McKay	6.7.98	3 years		Co-opted: Chair of Advisory Committee	Chair: Advisory. Audit, Public Accountability
Mr D Davison	7.7.98	3 years		Co-opted member	Buildings and Development
Ms J Stubbs	1.7.96	3 years	Member- ship renewed from 1.8.99	Co-opted member	Buildings and Development
Mr J Shoesmith	1.11. 98	1 year	30.5. 99	Student member	
Ms J Gibson	1.9.96	3 years	Member- ship renewed from 1.8.99	Staff member (full-time teaching staff)	Policy and Finance
Ms M Wilby	1.9.96	3 years	31.7.99	Staff member (Admin & Residential Services Staff)	Quality
Mr C Hartley	6.7.98	3 years		NC Students Assoc (Observer)	

**THE NORTHERN COLLEGE FOR
RESIDENTIAL ADULT EDUCATION LIMITED**

**REPORT OF THE BOARD OF GOVERNORS
FOR THE YEAR ENDED 31 JULY 1999**

	Date of appointment	Term of Office	Date of resignation	Status of appointment	Committees served
Prof R H Fryer	1.9.93		30.9.98	Principal	
Mr P Ellis	1.9.93		31.12. 98	Vice-Principal	
Prof J A Jowitt	1.3.99			Principal	
Ms J Gibson	1.9.96	3 years	Member- ship renewed from 1.8.99	Staff member (full-time teaching staff)	Policy and Finance
Ms M Wilby	1.9.96	3 years	31.7.99	Staff member (Admin & Residential Services Staff)	Quality
Mr C Hartley	6.7.98	3 years		NC Students Assoc (Observer)	

Ms S Burke (Assistant Principal Administration) acts as Clerk to the Board of Governor

Professional Advisers

External auditors	Gibson Booth, Barnsley
Internal auditors	KPMG, Leeds
Bankers	The Co-operative Bank

**THE NORTHERN COLLEGE FOR
RESIDENTIAL ADULT EDUCATION LIMITED**

**REPORT OF THE BOARD OF GOVERNORS
FOR THE YEAR ENDED 31 JULY 1999**

Statement of the Responsibilities of the Board of Governors

The members of the Board of Governors of the Company are required to present audited financial statements for each financial year.

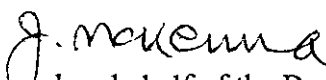
Within the terms and conditions of the Financial Memorandum agreed between the Further Education Funding Council (the Council) and the Board of Governors of the Company, the Board of Governors, through its principal, is required to prepare financial statements for each year, which give a true and fair view of the state of affairs of the Company and the result for that year.

In preparing the financial statements, the Board of Governors is required to:

- Select suitable accounting policies and then 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
- Prepare financial statements on the going concern basis unless it is inappropriate to assume that the Company will continue in operation.

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable it to ensure that the financial statements comply with the Companies Act 1985. It has general responsibilities for taking such steps that are reasonably open to it to safeguard assets of the Company and to prevent and detect fraud and other irregularities.

The Board of Governors is responsible for ensuring that funds from the Council are used only in accordance with the Financial Memorandum with the Council and any other conditions that the Council may from time to time prescribe. The Board of Governors must ensure that there are appropriate financial and management controls in place sufficient to safeguard public and other funds and ensure that they are used only in accordance with the conditions under which they have been made available. In addition, the Board of Governors is responsible for securing the economical, efficient and effective management of the Company's resources and expenditure, so that the benefits that should be derived from the application of public funds by the Council are not put at risk.


Signed on behalf of the Board
Cllr J McKenna
Chair, Board of Governors

6 December 1999

**AUDITORS' REPORT TO THE MEMBERS OF THE NORTHERN COLLEGE FOR
RESIDENTIAL ADULT EDUCATION LIMITED**

FOR THE YEAR ENDED 31 JULY 1999

We have audited the financial statements on pages 12 to 30 which have been prepared in accordance with the accounting policies set out on pages 16 and 17.

**RESPECTIVE RESPONSIBILITIES OF THE MEMBERS OF THE BOARD OF
GOVERNORS AND AUDITORS**

As described on page 10, the Board of Governors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OUR OPINION

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

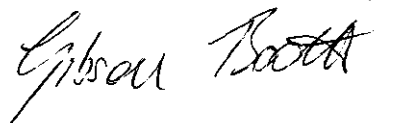
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 1999 and of its surplus of income over expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion funds from whatever source administered by the company for specific purposes have been properly applied for the intended purposes and, where relevant, managed in accordance with appropriate legislation for the year ended 31 July 1999.

In our opinion funds provided by the FEFC have been applied in accordance with the financial memorandum and any other terms and conditions attached to them for the year ended 31 July 1999.



GIBSON BOOTH
Chartered Accountants
Registered Auditor
12 Victoria Road
BARNSELEY
S70 2BB

13 December 1999

**THE NORTHERN COLLEGE FOR
RESIDENTIAL ADULT EDUCATION LIMITED**

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 1999**

	Notes	Year ended 31 July 1999 £	Year ended 31 July 1998 £
Income			
FEFC grants	2	1,781,104	1,669,571
Tuition fees and charges	4	146,090	140,000
Other grant income	5	1,053,608	869,306
Other operating income	6	829,352	912,408
Investment income	7	<u>10,078</u>	<u>11,160</u>
Total income		<u>3,820,232</u>	<u>3,602,445</u>
Expenditure			
Staff costs	8	2,479,823	2,194,902
Other operating expenses	10	1,032,962	908,309
Depreciation		242,490	228,202
Interest payable	12	<u>42,720</u>	<u>66,442</u>
Total expenditure		<u>3,797,995</u>	<u>3,397,855</u>
Operating surplus		22,237	204,590
Taxation	13	<u>-</u>	<u>-</u>
Surplus on continuing operations after depreciation of assets and tax	22	<u>22,237</u>	<u>204,590</u>

Continuing operations

None of the company's activities were acquired or discontinued during the periods.

**THE NORTHERN COLLEGE FOR
RESIDENTIAL ADULT EDUCATION LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 JULY 1999**

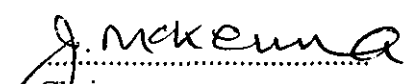
	Year ended 31 July 1999 £	Year ended 31 July 1998 £
Surplus for the financial year	<u>22,237</u>	<u>204,590</u>
Total recognised gains and losses relating to the year	22,237	204,590
Prior year adjustment (see note 30)	—	<u>110,286</u>
Total gains and losses recognised since last annual report	<u>22,237</u>	<u>314,876</u>

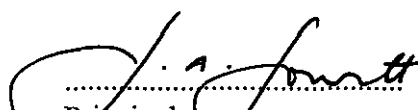
**THE NORTHERN COLLEGE FOR
RESIDENTIAL ADULT EDUCATION LIMITED**

BALANCE SHEET AS AT 31 JULY 1999

	Notes	1999 £	1998 £
Fixed assets			
Tangible assets	14	1,672,010	1,676,196
Current assets			
Stock	15	17,106	20,637
Debtors	16	805,487	840,513
Cash at bank and in hand		<u>203,337</u> 1,025,930	<u>283,222</u> 1,144,372
Creditors: amounts falling due within one year	17	<u>(786,591)</u>	<u>(916,201)</u>
Net current assets		<u>239,339</u>	<u>228,171</u>
Total assets less current liabilities		1,911,349	1,904,367
Creditors: amounts falling due after more than one year	18	(140,682)	(180,237)
Provision for liabilities and charges	20	(29,146)	(34,029)
Deferred capital grants	21	(834,719)	(805,536)
Net assets		<u>906,802</u>	<u>884,565</u>
Reserves			
Income and expenditure account	22	513,530	460,213
Other reserves	23	<u>393,272</u>	<u>424,352</u>
		<u>906,802</u>	<u>884,565</u>

The financial statements were approved by the Board of Governors and are signed on their behalf by


Chairman
Cllr J McKenna


Principal
Professor J A Jowitt

6 December 1999

**THE NORTHERN COLLEGE FOR
RESIDENTIAL ADULT EDUCATION LIMITED**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 1999

	Notes	Year ended 31 July 1999 £	Year ended 31 July 1998 £
Net cash inflow from operating activities	24	166,458	90,476
Returns on investments and servicing of finance			
Other interest received		10,078	11,160
Interest paid		(42,720)	(66,442)
Net cash outflow from returns on investments and servicing of finance		(32,642)	(55,282)
Tax paid		-	-
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(238,304)	(358,978)
Capital grants received		<u>164,029</u>	<u>326,449</u>
Net cash outflow for capital expenditure and financial investment		(74,275)	(32,529)
Net cash inflow before financing		59,541	2,665
Financing	26		
Net payments to hire purchase and finance leases		(20,199)	(20,200)
Net repayment of loans		(119,227)	(43,571)
Net cash outflow from financing		(139,426)	(63,771)
Decrease in cash	25	(79,885)	(61,106)

In this statement figures in brackets refer to cash outflows and all other figures are cash inflows to the company.

**THE NORTHERN COLLEGE FOR
RESIDENTIAL ADULT EDUCATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1999**

1 STATEMENT OF ACCOUNTING POLICIES

Basis of Preparation

These financial statements have been prepared in accordance with applicable Accounting Standards and FEFC guidelines.

Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention.

Recognition of Income

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 annual recurrent allocation from the FEFC, which is intended to meet recurrent costs, is credited direct to the income and expenditure account.

Pension Schemes

Retirement benefits to employees of the company are provided by the Universities Superannuation Scheme and the Local Government Superannuation Scheme. These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme.

Contributions to the schemes 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 substantial level percentage of current and future pensionable payroll.

Tangible Fixed Assets

Depreciation is provided on the straight line method on all tangible assets at the following annual rates, calculated to write off the cost less estimated residual value over their estimated useful lives:

Improvements to property	5% to 20%
Equipment	5% to 20%

Grants

Capital grants received during the year are deferred and are included in the income and expenditure account by instalments over the expected useful lives of the related assets.

**THE NORTHERN COLLEGE FOR
RESIDENTIAL ADULT EDUCATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1999**

1 STATEMENT OF ACCOUNTING POLICIES CONT'D.

Stock

Stock is included in the accounts at the lower of cost or net realisable value, after taking into account any provision for obsolete items.

Hire Purchase and Finance Lease Agreements

Assets held under hire purchase and finance lease agreements are included under fixed assets at the fair value of the assets. The assets are depreciated over their useful economic lives.

The capital element of the further payments is treated as a liability and the interest element is charged to the income and expenditure account.

Taxation

The company is a registered charity and benefits by being exempt from corporation tax on income it receives.

The company is partially exempt for VAT purposes and can, therefore, reclaim part of the input VAT it suffers on purchases.

2 FURTHER EDUCATION FUNDING COUNCIL GRANTS

	1999 £	1998 £
Recurrent grant	1,655,504	1,585,612
Releases of deferred capital grants (FEFC)	85,710	82,116
Access funds	4,900	1,843
Collaboration funds	29,269	-
Childcare	2,250	-
IT for students with disabilities	2,871	-
Inclusive learning quality initiative	<u>600</u>	<u>-</u>
	<u>1,781,104</u>	<u>1,669,571</u>

**THE NORTHERN COLLEGE FOR
RESIDENTIAL ADULT EDUCATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1999**

3 ACCESS FUND

	1999 £	1998 £
Balance 1 August 1998	5	6
FEFC grants	4,900	1,843
Other receipts	<u>4</u>	<u>4</u>
	4,909	1,853
Payments	<u>(4,903)</u>	<u>(1,848)</u>
Balance 31 July 1999	<u><u>6</u></u>	<u><u>5</u></u>

Access fund receipts and payments are held in a separately administered bank account distinct from other college receipts and payments.

4 TUITION FEES AND CHARGES

	1999 £	1998 £
Home fees and charges	129,223	122,860
Higher Education fees	<u>16,867</u>	<u>17,140</u>
	<u>146,090</u>	<u>140,000</u>

5 OTHER GRANT INCOME

	1999 £	1998 £
Release from deferred capital grants (non FEFC)	49,136	34,271
European funds	605,797	616,606
Other funds	<u>398,675</u>	<u>218,429</u>
	<u>1,053,608</u>	<u>869,306</u>

6 OTHER OPERATING INCOME

	1999 £	1998 £
Catering and residence operations	378,029	352,632
Company membership fees	350,000	350,000
Other income generating activities	<u>101,323</u>	<u>209,776</u>
	<u>878,488</u>	<u>946,679</u>

**THE NORTHERN COLLEGE FOR
RESIDENTIAL ADULT EDUCATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1999**

7 INVESTMENT INCOME

	1999 £	1998 £
Interest received	<u>10,078</u>	<u>11,160</u>

8 STAFF COSTS

The average number of persons (including senior post holders) employed by the company during the period was:

	1999 £	1998 £
Teaching/research/special projects	44	39
Administration and central services	43	38
Premises	8	8
Catering and residences	<u>33</u>	<u>34</u>

128 119

Staff Costs for the Above Persons:

	1999 £	1998 £
Teaching departments	1,434,900	1,251,658
Administration and central services	602,642	504,222
Premises	122,104	103,981
Catering and residences	<u>320,177</u>	<u>335,041</u>
	<u>2,479,823</u>	<u>2,194,902</u>

Wages and salaries	2,107,982	1,852,255
Social security costs	185,482	143,451
Other pension costs	<u>186,359</u>	<u>199,196</u>
	<u>2,479,823</u>	<u>2,194,902</u>

**THE NORTHERN COLLEGE FOR
RESIDENTIAL ADULT EDUCATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1999**

9 EMOLUMENTS OF SENIOR POSTHOLDERS

Senior post-holders are defined as the principal (Chief Executive) and holders of other posts as identified by the Board of Governors. All appointments to senior posts are made by the Board of Governors.

The number of staff, including senior post-holders and the principal, who received emoluments in the following ranges was:

	1999		1998	
	Number of senior post-holders	Number of Other staff	Number of senior post-holders	Number of Other staff
£10,001 to £15,000	1	-	-	-
£20,001 to £25,000	2	-	1	-
£35,001 to £40,000	-	-	1	-
£40,001 to £45,000	2	-	4	-
£45,001 to £50,000	1	-	-	-
£50,001 to £55,000	2	-	1	-
£55,001 to £60,000	-	-	1	-
	<u>8</u>	<u>-</u>	<u>8</u>	<u>-</u>

	1999 £	1998 £
The number of senior post-holders including the principal was:	<u>8</u>	<u>8</u>

During 1998/99 the number of senior posts was reduced from 8 to 6. The 1998/99 figure includes two people who were in post for part of the year.

	1999 £	1998 £
Senior post-holders' emoluments are made up as follows:		
Salaries	261,010	292,950
Pension contribution	<u>35,657</u>	<u>29,884</u>
Total emoluments	<u>296,667</u>	<u>322,834</u>

The above emoluments includes amounts payable to the principal (who is the highest paid senior post-holder). During 1998/99 more than one person held the post of principal.

**THE NORTHERN COLLEGE FOR
RESIDENTIAL ADULT EDUCATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1999**

9 EMOLUMENTS OF SENIOR POSTHOLDERS CONT'D

	1999 £	1998 £
Salary	29,956	52,358
Pension Contribution	<u>3,619</u>	<u>7,330</u>
	<u>33,575</u>	<u>59,688</u>

Senior post-holders, including the principal received a pay increase of 3.5% with effect from 1 April 1999, approved by the Board of Governors. This increase was in line with the increase awarded to all academic and academic related staff.

Temporary salary enhancements as recommended by the Remuneration Committee and authorised by the Board of Governors were made to senior post-holders during the year.

The members of the Board of Governors other than the Principal, Vice Principal and the staff member did not receive any payment from the College other than reimbursement of travel and subsistence expenses incurred in the course of their duties.

10 OTHER OPERATING EXPENSES

	1999 £	1998 £
Teaching departments	305,369	176,487
Support services and supplies	78,241	94,349
Administration and central services	239,828	196,791
Premises costs	195,267	210,989
Other income-generating activities	7,102	27,829
Catering and residence operations	<u>207,155</u>	<u>201,864</u>
	<u>1,032,962</u>	<u>908,309</u>

Other operating expenses include:	1999 £	1998 £
Auditors' remuneration		
- internal audit	<u>8,324</u>	<u>8,946</u>
- external audit	<u>10,375</u>	<u>8,199</u>
- other services	<u>3,549</u>	<u>-</u>
Hire of other assets - operating leases	<u>-</u>	<u>232</u>

**THE NORTHERN COLLEGE FOR
RESIDENTIAL ADULT EDUCATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1999**

11 BURSARIES

	1999 £	1998 £
Receipts	231,159	257,038
Payments	(231,159)	(257,038)
	<u> </u>	<u> </u>

Bursary monies are received from the DFEE on behalf of the students attending the college. The monies are paid to students on a termly basis.

12 INTEREST PAYABLE

	1999 £	1998 £
On loans, repayable wholly or partly in more than 5 years	34,990	58,712
Hire purchase and finance lease charges	<u>7,730</u>	<u>7,730</u>
	<u>42,720</u>	<u>66,442</u>

13 TAXATION

The college was not liable for any corporation tax arising out of its activities during this period.

**THE NORTHERN COLLEGE FOR
RESIDENTIAL ADULT EDUCATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1999**

14 TANGIBLE FIXED ASSETS

	Improvements to Property £	Equipment £	Total £
Cost			
At 1 August 1998	2,003,762	855,433	2,859,195
Additions	<u>123,817</u>	<u>114,487</u>	<u>238,304</u>
At 31 July 1999	<u>2,127,579</u>	<u>969,920</u>	<u>3,097,499</u>
Depreciation			
At 1 August 1998	705,550	477,449	1,182,999
Charge for period	<u>117,787</u>	<u>124,703</u>	<u>242,490</u>
At 31 July 1999	<u>823,337</u>	<u>602,152</u>	<u>1,425,489</u>
Net book value			
At 31 July 1999	<u>1,304,242</u>	<u>367,768</u>	<u>1,672,010</u>
At 31 July 1998	<u>1,298,212</u>	<u>377,984</u>	<u>1,676,196</u>
Inherited	-	-	-
Financed by capital grant	669,614	210,053	879,667
Other	<u>634,628</u>	<u>157,715</u>	<u>792,343</u>
	<u>1,304,242</u>	<u>367,768</u>	<u>1,672,010</u>

The net book value of £1,672,010 includes £51,095 (1998 £64,747) relating to assets held under hire purchase and finance lease agreements. The depreciation charged on such assets for the year was £13,652 (1998 £13,652).

**THE NORTHERN COLLEGE FOR
RESIDENTIAL ADULT EDUCATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1999**

15 STOCK

	1999 £	1998 £
Goods for resale	<u>17,106</u>	<u>20,637</u>

**16 DEBTORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR**

	1999 £	1998 £
Trade debtors	774,398	812,447
Other debtors	21,749	15,341
Prepayments and accrued income	<u>9,340</u>	<u>12,725</u>
	<u>805,487</u>	<u>840,513</u>

**17 CREDITORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR**

	1999 £	1998 £
Loans	176,006	275,878
Obligations under hire purchase and finance lease agreements	20,199	20,199
Payments received on account	265,162	390,099
Trade creditors	237,819	178,581
Other taxation and social security	36,577	29,234
Accruals	<u>50,828</u>	<u>22,210</u>
	<u>786,591</u>	<u>916,201</u>

**18 CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	1999 £	1998 £
Loans	129,921	149,276
Obligations under hire purchase and finance lease agreements	<u>10,761</u>	<u>30,961</u>
	<u>140,682</u>	<u>180,237</u>

**THE NORTHERN COLLEGE FOR
RESIDENTIAL ADULT EDUCATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1999**

19 ANALYSIS OF BORROWINGS OF THE COLLEGE

Loans

Loans are repayable as follows:	1999	1998
	£	£
In one year or less	176,006	275,878
Between two and five years	90,234	88,208
In five years or more	<u>39,687</u>	<u>61,068</u>
	<u>305,927</u>	<u>425,154</u>

The loans outstanding represent various monies lent to the company through:

	1999	1998
	£	£
Council loans	156,653	258,082
Union loans	<u>149,274</u>	<u>167,072</u>
	<u>305,927</u>	<u>425,154</u>

Of the total loans outstanding £196,911 (1998 £203,606) is secured by charges on the company's assets.

The loans are repayable by instalments over differing periods and interest is charged at different rates.

Obligations under hire purchase and finance lease agreements

The amounts fall due as follows:	1999	1998
	£	£
Within one year	27,929	27,929
In the second to fifth years inclusive	<u>15,253</u>	<u>43,182</u>
	43,182	71,111
Interest allocated to future periods	<u>(12,221)</u>	<u>(19,950)</u>
	<u>30,961</u>	<u>51,161</u>

Hire purchase liabilities are secured on the assets concerned.

**THE NORTHERN COLLEGE FOR
RESIDENTIAL ADULT EDUCATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1999**

20 PROVISIONS FOR LIABILITIES AND CHARGES

Pensions	Total £
At 1 August 1998	34,029
Expenditure in the period	<u>(4,883)</u>
At 31 July 1999	<u>29,146</u>

21 DEFERRED CAPITAL GRANTS

	FEFC £	Other Grants £	Total £
At 1 August 1998			
Improvements to property	579,303	23,400	602,703
Equipment	<u>82,007</u>	<u>120,826</u>	<u>202,833</u>
	<u>661,310</u>	<u>144,226</u>	<u>805,536</u>
Cash receivable			
Improvements to property	21,432	45,984	67,416
Equipment	<u>33,786</u>	<u>62,827</u>	<u>96,613</u>
	<u>55,218</u>	<u>108,811</u>	<u>164,029</u>
Released to income and expenditure account:			
Improvements to property	53,991	5,775	59,766
Equipment	<u>31,719</u>	<u>43,361</u>	<u>75,080</u>
	<u>85,710</u>	<u>49,136</u>	<u>134,846</u>
At 31 July 1999			
Improvements to property	546,744	63,609	610,353
Equipment	<u>84,074</u>	<u>140,292</u>	<u>224,366</u>
	<u>630,818</u>	<u>203,901</u>	<u>834,719</u>

**THE NORTHERN COLLEGE FOR
RESIDENTIAL ADULT EDUCATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1999**

22 INCOME AND EXPENDITURE ACCOUNT

	1999 £	1998 £
Original balance brought forward	460,213	130,015
Prior year adjustment (note 30)	—	<u>110,286</u>
Restated balance brought forward	460,213	240,301
Surplus on continuing operations after depreciation of assets and tax	22,237	204,590
Transfer to Capital Reserve	(21,863)	(36,977)
Transfer from Capital Reserve	<u>52,943</u>	<u>52,299</u>
At 31 July 1999	<u>513,530</u>	<u>460,213</u>

23 OTHER RESERVES

	1999 £	1998 £
Capital Reserve		
At 1 August 1998	424,352	439,674
Transfer from Income and Expenditure Account	21,863	36,977
Transfer to Income and Expenditure Account	<u>(52,943)</u>	<u>(52,299)</u>
At 31 July 1999	<u>393,272</u>	<u>424,352</u>

**24 RECONCILIATION OF OPERATING SURPLUS TO
NET CASH INFLOW FROM OPERATING ACTIVITIES**

	1999 £	1998 £
Surplus on continuing operations after depreciation of assets and tax	22,237	204,590
Depreciation	242,490	228,202
Deferred capital grants released to income	(134,847)	(116,387)
Decrease in stocks	3,531	472
Interest payable	42,720	66,442
Decrease in debtors	35,026	(304,707)
Decrease in creditors	(29,738)	20,792
Increase in provisions	(4,883)	2,232
Interest receivable	<u>(10,078)</u>	<u>(11,160)</u>
Net cash inflow from operating activities	<u>166,458</u>	<u>90,476</u>

**THE NORTHERN COLLEGE FOR
RESIDENTIAL ADULT EDUCATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1999**

**25 RECONCILIATION OF NET CASH FLOW MOVEMENTS TO
MANAGEMENT OF FUNDS**

	1999		1998	
	£	£	£	£
Increase/(Decrease) in cash in year	(79,885)		(61,106)	
Cash outflow from loans	<u>119,227</u>		<u>43,571</u>	
Change in net funds		39,342		(17,535)
Net funds at 1 August 1998		(18,004)		<u>(469)</u>
Net funds at 31 July 1999		<u>21,338</u>		<u>(18,004)</u>

26 ANALYSIS OF CHANGES IN NET DEBT

	At 1 Aug 1998	Cash flows	At 31 Jul 1999
	£	£	£
Cash at bank and in hand	283,222	(79,885)	203,337
Debt due within one year	275,878	(99,872)	176,006
Debt due after one year	<u>149,276</u>	<u>(19,355)</u>	<u>129,921</u>
	<u>425,154</u>	<u>(119,227)</u>	<u>305,927</u>
Total	<u>708,376</u>	<u>199,112</u>	<u>509,264</u>

**THE NORTHERN COLLEGE FOR
RESIDENTIAL ADULT EDUCATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1999**

27 PENSION OBLIGATIONS

The company's employees belong to two principal pension schemes, the Universities Superannuation Scheme and the Local Government Superannuation Scheme, which are of the defined benefit type, the assets of the schemes being held in separate trustee administered funds.

The total pension cost was £186,359 (1998 £199,196). The pension costs are assessed in accordance with the advice of independent qualified actuaries using the projected unit method.

The assumptions that have the most significant effect on the valuations and other relevant data are as follows:

	Universities Superannuation Scheme	Local Government Superannuation Scheme
Rate of return on investments	8.5%	9.7%
Rate of increase in salaries	6.5%	6.0%
Rate of increase in pensions	5.0%	3.2%
Market value of assets at the date of the last valuation	£12,087m	£2,217m
Level of funding being the actuarial value of assets expressed as a percentage of the accrued service liabilities	108%	80%

28 COMPANY LIMITED BY GUARANTEE

The company is limited by guarantee and has no share capital. The liability of its members is limited to an amount not exceeding £1. At 31 July 1999 there were six members (1998 six).

**THE NORTHERN COLLEGE FOR
RESIDENTIAL ADULT EDUCATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1999**

29 RECONCILIATION OF MOVEMENTS IN MEMBERS' FUNDS

	1999		1998	
	£	£	£	£
Surplus for the financial year		22,237		204,590
Opening accumulated funds	884,565		569,989	
Prior year adjustment	<u>-</u>		<u>110,286</u>	
		<u>884,565</u>		<u>680,275</u>
Closing accumulated funds		<u>906,802</u>		<u>884,565</u>

30 PRIOR YEAR ADJUSTMENT

In accordance with FEFC guidance on sector accounting policies, the college changed its accounting policy on the maintenance of premises. Previously, the college had a planned maintenance programme which was reviewed annually. The expected costs of carrying out planned maintenance were charged as a provision to the income and expenditure account on a systematic and notional basis over the period with a view to spreading the cost of the maintenance over the life of the maintenance plan. Actual expenditure on planned maintenance was then charged to the provision.