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Grant Thornton 

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

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 JULY 2001**



# THE NORTHERN COLLEGE FOR RESIDENTIAL ADULT EDUCATION LIMITED

## FINANCIAL STATEMENTS

For the year ended 31 July 2001

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Company Registration Number: 1339524

Charity Registration Number: 507245

Address: Town Hall  
Barnsley  
South Yorkshire  
S70 2TA

Principal: Professor J A Jowitt

Members:	Cllr C Harrison	Mr T Goulbourn
	Cllr M Morgan	Mr E Hartley
	Cllr A Ducker	Mr M Ball
	Cllr J Knight	Mr C Russell
	Cllr J McKenna	Mr A McKay
	Mr T Chandler	Mr D Davison
	Cllr M Walton	Ms J Stubbs
	Cllr E McNally	Ms J Gibson
	Prof B Evans	Mr M Beard
	Prof C Hawkes	Mr C Hartley
	Prof W Hampton	Prof J A Jowitt
	Prof R Taylor	Ms S Morton
	Mr C Chapman	Mr R Harrison
	Cllr R Stone	Cllr A Sockett

Bankers: The Co-operative Bank

Solicitors: Eversheds

Internal auditors: Bentley Jennison, Leeds

External auditors: Grant Thornton  
Registered Auditors  
Chartered Accountants

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

**FINANCIAL STATEMENTS**

For the year ended 31 July 2001

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

## **REPORT OF THE MEMBERS OF THE CORPORATION**

For the year ended 31 July 2001

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### **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, designed under section 28 of the Further and Higher Education Act 1992, as eligible to receive funding from the Further Education Council (FEFC)/Learning and Skills Council (LSC). The College is an exempt charity for the purposes of the Charities Act 1993.

### **The Company**

The Northern College Company previously comprised six full members, the local authorities of Barnsley, Doncaster, Rotherham, Sheffield and Leeds, and the trade union UNISON. Bradford City Council and Kirklees MDC were associate members, while the City of Wakefield Metropolitan District Council also purchased educational programmes from the College. The Northern College Company operated under an exemption from the Local Government and Housing Act 1989: Directions under section 68(1). The exemption ceased on 31 March 2001. The College Company was reconstructed and from 1 April 2001 all members of the Board of Governors of the College constitute the Company.

### **Mission**

The College's mission as approved by the Governing Body 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**

In 2000 the College prepared a strategic plan for 1 August 2000 to July 2003. The Board of Governors monitors the performance of the College against the plan. The plan is reviewed and updated each year. The College's continuing strategic objectives are:

- A continued commitment to the College's mission
- To increase student numbers
- A continued improvement of the College's average retention and achievement levels
- Achieve convergence with the LSC funding methodology over the period 2000-2003
- A continuing commitment to improving the quality of provision
- To improve the quality of accommodation and further improve disabled access
- To maintain the financial viability of the College.

The College is on target for achieving these objectives.

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

## **REPORT OF THE MEMBERS OF THE CORPORATION**

For the year ended 31 July 2001

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### **Objectives (continued)**

The College's specific objectives for 2000/01 and achievement of those objectives is addressed below:

- The College achieved an estimated 97,028 funding units against an allocation of 93,592 (see below)
- To improve student retention. This was achieved. Student retention for 2000/01 was 98% (2000: 97%)
- Building work was completed on providing disabled access to further areas of the College.
- To maintain financial viability of the College; the College received confirmation from the FEFC that its financial forecast for the period 2000 to 2003 was assessed as financial health category B.

### **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 service 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**

2000/01 was the first year the College was funded according to the units of activity. In 2000/01 the College achieved an estimated 97,028 units against an allocation of 93,592.

This represents growth of 15%. Although the College was not funded according to units of activity in 1999/2000, the best estimate is that the 1999/2000 provision would be equivalent to 84,163 units.

The College achieved an estimated 7,359 student enrolments (2000: 6,514)

### **Student Achievements**

Students achieved an estimated 90% of their qualification aims (2000: 92%).

### **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.

- Increased emphasis on basic skills provision as part of the overall College programme.
- The achievement of a COVE in Community Regeneration.
- The development of short course awards and pathways.

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

## **REPORT OF THE MEMBERS OF THE CORPORATION**

For the year ended 31 July 2001

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### **Governance and Management**

The College conducts its business through a number of committees. Each committee has terms of reference which have been approved by the Governing Body. These committees are: The Board of Governors, Policy and Finance, Buildings and Development, Audit, Quality, Academic Board, Search and Remuneration. All committees meet termly with the exception of the Policy and Finance Committee which meets twice termly and the Remuneration and Search Committees which are convened as necessary. Full minutes of all meetings are available from the Clerk of 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 £59,082 (1999/2000: £49,848) compared with the planned surplus for the year of £12,560.

The College has accumulated reserves of £402,332 and cash balances of £164,719. 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.

### **Taxation**

The College was not liable for any corporation tax arising out of its activities during 2000/01.

### **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, which are, as far as possible, identical to those for other employees.

# THE NORTHERN COLLEGE FOR RESIDENTIAL ADULT EDUCATION LIMITED

## REPORT OF THE MEMBERS OF THE CORPORATION

For the year ended 31 July 2001

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### 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 College plans to carry out some of the outstanding works over the next three years and has set aside funds for this purpose.

### Statement of the Responsibilities of the Board of Governors

The members of the Board of Governors of the College 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 (and taken over by the Learning and Skills Council from 1 April 2001) and the Board of Governors of the College, the Board of Governors, through its principal, is required to prepare financial statements for each financial year, that give a true and fair view of the state of affairs of the College and the result for that year.

# THE NORTHERN COLLEGE FOR RESIDENTIAL ADULT EDUCATION LIMITED

## REPORT OF THE MEMBERS OF THE CORPORATION

For the year ended 31 July 2001

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### Statement of the Responsibilities of the Board of Governors (continued)

In preparing the financial statements, the Board of Governors 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;
- Prepare financial statements on the going concern basis unless it is inappropriate to presume that the College 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 College and to enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

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 properly. In addition, the Board of Governors is responsible for securing the economical, efficient and effective management of the College's resources and expenditure.

### Members of the Board of Governors

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

Cllr R Stone	Prof W Hampton	Ms J Stubbs
Cllr C Harrison	Prof R Taylor	Ms J Gibson
Cllr M Morgan	Cllr A Sockett	Mr M Beard
Cllr A Ducker	Mr C Chapman	Mr C Hartley
Cllr J Knight	Mr R Harrison	Prof J A Jowitt
Cllr J McKenna	Mr T Goulbourn	Ms S Morton
Mr T Chandler	Mr E Hartley	Prof C Hawkes
Cllr M Walton	Mr M Ball	Mr A McKay
Cllr E McNally	Mr C Russell	
Prof B Evans	Mr D Davison	



# THE NORTHERN COLLEGE FOR RESIDENTIAL ADULT EDUCATION LIMITED

## REPORT OF THE MEMBERS OF THE CORPORATION


For the year ended 31 July 2001

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### Corporate governance

The College acknowledges and endorses the principles of corporate governance, including adopting a risk based approach to internal controls. The College principal currently reports on his review of the effectiveness of the internal financial controls. The Governors have commenced a review of corporate governance and the major risks to which the College is exposed. This will cover business, operational and compliance, in addition to financial systems. The College will review its procedures and establish systems to mitigate risks. The College expects to have completed this review by July 2002 and will be in a position to operate enhanced systems for the financial year 2002/03. The Governors expect to be able to make a full statement on their corporate governance policy and their review of risks and the systems put in place to mitigate those risks in their report for the year to 31 July 2003.

ON BEHALF OF THE BOARD

  
Cllr J McKenna  
Chair, Board of Governors

27 December 2001

# THE NORTHERN COLLEGE FOR RESIDENTIAL ADULT EDUCATION LIMITED

## STATEMENT OF THE SYSTEM OF INTERNAL FINANCIAL CONTROL

For the year ended 31 July 2001

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

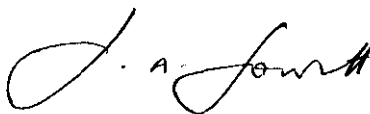
The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

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, that is required to operate in accordance with the requirements of the 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 least annually, the head of the 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 College's external auditors and the Council appointed auditors of the College's individualised student record and funding claim in their management letters and other reports.



Professor J A Jowitt  
Principal

27 December 2001

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

We have audited the financial statements on pages 9 to 25, which have been prepared under the accounting policies set out on pages 9 to 11.

**Respective responsibilities of Members of the College and Auditors**

As described on pages 4 and 5 the members of the College 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 opinion**

We conducted our audit in accordance with United Kingdom 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 directors 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.

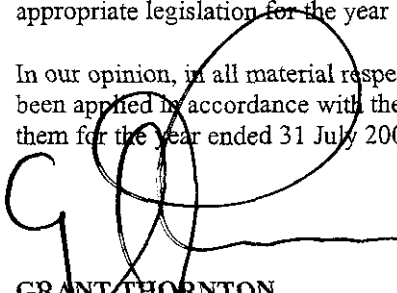
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 at 31 July 2001 and of its surplus of income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion, in all material respects, funds from whatever source administered by the College for specific purposes were properly applied for the intended purposes and, where relevant, managed in accordance with appropriate legislation for the year ended 31 July 2001.

In our opinion, in all material respects, funds provided by the FEFC and the Learning and Skills Council have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them for the year ended 31 July 2001.



**GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS  
SHEFFIELD**

27 December 2001

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

## **PRINCIPAL ACCOUNTING POLICIES**

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### **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 in circular 01/04.

The financial statements have been prepared under the historical cost convention.

### **RECOGNITION OF INCOME**

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Income from specific endowments and donations is included to the extent of the relevant expenditure incurred during the year, together with any related contributions towards overhead costs.

Recurrent grants from the Funding Councils are recognised in the period in which they are receivable.

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

### **STOCK**

Stocks are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

### **TANGIBLE FIXED ASSETS**

#### **Land and buildings**

The College's buildings are specialised buildings and therefore it is not appropriate to value them on the basis of open market value. Land and buildings are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of 50 years.

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstance indicate that the carrying amount of the fixed asset may not be recoverable.

# THE NORTHERN COLLEGE FOR RESIDENTIAL ADULT EDUCATION LIMITED

## PRINCIPAL ACCOUNTING POLICIES

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### TANGIBLE FIXED ASSETS (CONTINUED)

#### Equipment and improvements to property

Equipment costing less than £1,500 per individual item is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful life as follows:

Equipment	5%-20% per annum
Improvements to property	5%-20% per annum

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.

### 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 institution 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.

### CONTRIBUTIONS TO PENSION FUNDS

Retirement benefits to employees of the College are provided by the Universities Superannuation Scheme and the South Yorkshire Pensions Authority. 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.

Variations from regular costs are spread over the expected average remaining working lifetime of members of the schemes after making allowances for further withdrawals. Contributions to both schemes are determined by qualified actuaries on the basis of triennial valuations, using the projected unit method.

# THE NORTHERN COLLEGE FOR RESIDENTIAL ADULT EDUCATION LIMITED

## PRINCIPAL ACCOUNTING POLICIES

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### LEASED ASSETS

Leasing agreements that transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitment is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

Assets which are held under hire purchase contracts which have the characteristics of finance leases are depreciated over the useful lives.

# THE NORTHERN COLLEGE FOR RESIDENTIAL ADULT EDUCATION LIMITED

## INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 July 2001

	Note	2001 £	2000 £
<b>Income</b>			
Funding Council grants	1	2,203,191	1,956,612
Tuition fees and charges	3	148,816	145,303
Other grant income	4	859,662	1,126,088
Other operating income	5	1,015,195	834,856
Investment income	6	8,863	5,455
<b>Total income</b>		<u>4,235,727</u>	<u>4,068,314</u>
<b>Expenditure</b>			
Staff costs	7	2,950,291	2,801,730
Other operating expenses	9	910,572	908,551
Depreciation		281,280	277,065
Interest payable	11	34,502	31,120
<b>Total expenditure</b>		<u>4,176,645</u>	<u>4,018,466</u>
<b>Surplus on continuing operations after depreciation of assets</b>	22	<u>59,082</u>	<u>49,848</u>

The Income and Expenditure account is in respect of continuing activities.

There were no recognised gains or losses other than the surplus for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

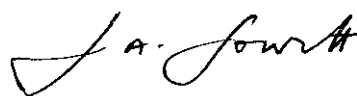
# THE NORTHERN COLLEGE FOR RESIDENTIAL ADULT EDUCATION LIMITED

## BALANCE SHEET AT 31 JULY 2001

	Note	2001 £	2000 £
<b>Fixed assets</b>			
Tangible assets	13	2,238,496	2,403,987
<b>Current assets</b>			
Stock	14	18,066	15,816
Debtors	15	577,013	667,987
Cash at bank and in hand		164,719	306,617
		<u>759,798</u>	<u>990,420</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(631,641)</u>	<u>(940,145)</u>
<b>Net current assets</b>		<u>128,157</u>	<u>50,275</u>
<b>Total assets less current liabilities</b>		<u>2,366,653</u>	<u>2,454,262</u>
<b>Creditors: amounts falling due after more than one year</b>	17	<u>(201,156)</u>	<u>(235,989)</u>
<b>Provision for liabilities and charges</b>	19	<u>(35,382)</u>	<u>(37,238)</u>
<b>Deferred capital grants</b>	20	<u>(1,114,383)</u>	<u>(1,224,385)</u>
		<u>1,015,732</u>	<u>956,650</u>
<b>Reserves</b>			
Income and expenditure account	22	402,332	323,023
Capital reserve	21	613,400	633,627
		<u>1,015,732</u>	<u>956,650</u>

The financial statements on pages 9 to 25 were approved by the Board of Governors on 27 December 2001 and were signed on its behalf by:

  
Cllr J McKenna  
Chairman

  
Professor J A Jowitt  
Principal

The accompanying accounting policies and notes form an integral part of these financial statements.



# THE NORTHERN COLLEGE FOR RESIDENTIAL ADULT EDUCATION LIMITED

## CASH FLOW STATEMENT

For the year ended 31 July 2001

	Note	2001 £	2000 £
<b>Net cash inflow from operating activities</b>	25	662	629,841
<b>Returns on investments and servicing of finance</b>			
Interest received		8,863	5,455
Interest paid		(25,149)	(23,255)
Finance lease interest paid		(9,353)	(7,865)
<b>Net cash outflow from returns on investment and servicing of finance</b>		(25,639)	(25,665)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(115,789)	(1,009,042)
Receipt of capital grant		51,766	547,698
<b>Net cash outflow from capital expenditure and financial investment</b>		(64,023)	(461,344)
<b>Net cash (outflow)/inflow before financing</b>		(89,000)	142,832
<b>Financing</b>			
Capital element of finance lease rentals		(10,762)	(20,198)
Net repayment of loans		(42,136)	(19,354)
<b>Net cash outflow from financing</b>		(52,898)	(39,552)
<b>(Decrease)/increase in cash</b>		(141,898)	103,280
<b>Reconciliation of net cash flow to movement in net (debt)/funds</b>			
(Decrease)/increase in cash in the period		(141,898)	103,280
Cash outflow from loans		52,898	39,552
<b>Movement in net (debt)/funds in period</b>	26	(89,000)	142,832
<b>Net funds/(debt) at 1 August 2000</b>		9,282	(133,550)
<b>Net (debt)/funds at 31 July 2001</b>	26	(79,718)	9,282

The accompanying accounting policies and notes form an integral part of these financial statements.

# THE NORTHERN COLLEGE FOR RESIDENTIAL ADULT EDUCATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2001

### 1 FUNDING COUNCIL GRANTS

	Further Education Funding Council £	Learning and Skills Council £	2001 £	2000 £
Recurrent grant	1,281,642	619,903	1,901,545	1,722,231
Releases of deferred capital grants	7,816	89,900	97,716	91,792
Inclusive learning quality initiative	-	-	-	600
Non-schedule 2	107,336	8,682	116,018	15,300
Short Course Bursary	-	-	-	40,000
Standards Fund	72,912	-	72,912	86,689
Widening participation strategic partnerships	-	5,000	5,000	-
Other funds	10,000	-	10,000	-
	<u>1,479,706</u>	<u>723,485</u>	<u>2,203,191</u>	<u>1,956,612</u>

From 1 April 2001 funding agreements with the Further Education Funding Council were replaced with agreements with the Learning and Skills Council.

### 2 ACCESS FUND

	2001 £	2000 £
Balance at 1 August 2000	302	6
FEFC grants	16,182	7,904
Other receipts	261	33
	<u>16,745</u>	<u>7,943</u>
Payments	(16,744)	(7,641)
Balance at 31 July 2001	<u>1</u>	<u>302</u>

Funding council grants are available solely for students; the College acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

### 3 TUITION FEES AND CHARGES

	2001 £	2000 £
Home fees and charges	148,816	129,353
Higher education fees	-	15,950
	<u>148,816</u>	<u>145,303</u>

### 4 OTHER GRANT INCOME

	2001 £	2000 £
Release from deferred capital grants (non FEFC)	64,052	66,240
European funds	242,237	533,572
Other funds	553,373	526,276
	<u>859,662</u>	<u>1,126,088</u>

# THE NORTHERN COLLEGE FOR RESIDENTIAL ADULT EDUCATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2001

### 5 OTHER OPERATING INCOME

	2001 £	2000 £
Catering and residence operations	571,912	401,551
Company membership fees	333,333	350,000
Other income generating activities	109,950	83,305
	<u>1,015,195</u>	<u>834,856</u>

### 6 INVESTMENT INCOME

	2001 £	2000 £
Interest received	<u>8,863</u>	<u>5,455</u>

### 7 STAFF COSTS

Staff costs during the year were as follows:

	2001 £	2000 £
Wages and salaries	2,518,078	2,390,407
Social security costs	191,331	187,817
Other pension costs	240,882	223,506
	<u>2,950,291</u>	<u>2,801,730</u>

The average weekly number of persons (including senior postholders) employed by the company during the year was:

	2001 Number	2000 Number
Teaching/research/special projects	62	65
Administration and central services	36	34
Premises	8	8
Catering and residences	34	33
	<u>140</u>	<u>140</u>

Staff costs for the above persons:

	2001 £	2000 £
Teaching departments	1,608,752	1,531,107
Administration and central services	886,048	818,589
Premises	116,144	110,942
Catering and residences	339,347	341,092
	<u>2,950,291</u>	<u>2,801,730</u>

# THE NORTHERN COLLEGE FOR RESIDENTIAL ADULT EDUCATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2001

### 8 SENIOR POSTHOLDERS EMOLUMENTS

Senior postholders are defined as the principal (Chief Executive) and holders of other posts as identified by the Board of Governors. The Board of Governors makes all appointments to senior posts.

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

	2001 Number	2000 Number
£50,001 to £60,000	3	4
£60,001 to £70,000	1	-
	<u>4</u>	<u>4</u>

The number of senior postholders including the principal was:

	2001 Number	2000 Number
	<u>5</u>	<u>6</u>

Senior postholders' emoluments are made up as follows:

	2001 £	2000 £
Salaries	250,323	273,516
Pension contribution	34,627	38,457
Total emoluments	<u>284,950</u>	<u>311,973</u>

The above emoluments include amounts payable to the principal (who is also the highest paid senior postholder).

	2001 £	2000 £
Salary	55,332	52,084
Pension contribution	7,746	7,867
	<u>63,078</u>	<u>59,951</u>

Senior postholders, including the principal, received a pay increase of 3% with effect from 1 April 2001, approved by the Board of Governors. This increase was in line with the increase awarded to all academic and academic related staff.

The members of the Board of Governors other than the principal and the vice principal did not receive any payment from the College other than reimbursement of travel and subsistence expenses incurred in the course of their duties.

#### Overseas activities

The following costs were incurred during 2000/01 in respect of overseas activities, which were carried out in accordance with the strategy approved by the governing body.

	Total cost £	Contributions received £	Net costs to College £
Senior postholders	-	-	-
Other staff	1,909	498	1,411
	<u>1,909</u>	<u>498</u>	<u>1,411</u>

# THE NORTHERN COLLEGE FOR RESIDENTIAL ADULT EDUCATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2001

### 9 OTHER OPERATING EXPENSES

	2001 £	2000 £
Teaching departments	247,699	206,444
Support services and supplies	57,566	48,417
Administration and central services	193,567	217,149
Premises costs	173,194	194,409
Other income generating activities	5,968	7,899
Catering and residence operations	232,578	234,233
	<u>910,572</u>	<u>908,551</u>

Other operating expenses include:

	£	£
Auditors' remuneration		
- internal audit	8,137	8,500
- external audit	7,638	7,882
- other services	<u>1,510</u>	<u>1,890</u>

### 10 BURSARIES

	2001 £	2000 £
Receipts	200,508	226,226
Payments	<u>(200,508)</u>	<u>(226,226)</u>
	<u>-</u>	<u>-</u>

### 11 INTEREST PAYABLE

	2001 £	2000 £
On loans		
Repayable within 5 years, by instalments	5,969	6,627
Repayable wholly, or partly in more than five years	<u>19,180</u>	<u>16,628</u>
	<u>25,149</u>	<u>23,255</u>
On finance leases	<u>9,353</u>	<u>7,865</u>
	<u>34,502</u>	<u>31,120</u>

### 12 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 2001

### 13 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Improvements to property £	Equipment £	Total £
Cost				
At 1 August 2000	-	3,054,062	1,052,479	4,106,541
Additions	117	51,985	63,687	115,789
Transfer between asset categories	746,774	(746,774)	-	-
At 31 July 2001	746,891	2,359,273	1,116,166	4,222,330
Depreciation				
At 1 August 2000	-	973,871	728,683	1,702,554
Charge for the year	16,450	136,888	127,942	281,280
Transfer between asset categories	18,681	(18,681)	-	-
At 31 July 2001	35,131	1,092,078	856,625	1,983,834
Net book amount at 31 July 2001	711,760	1,267,195	259,541	2,238,496
Net book amount at 31 July 2000	-	2,080,191	323,796	2,403,987
Financed by capital grant	255,134	711,309	183,043	1,149,486
Other	456,626	555,886	76,498	1,089,010
	711,760	1,267,195	259,541	2,238,496

### 14 STOCK

	2001 £	2000 £
Goods for resale	18,066	15,816

### 15 DEBTORS

	2001 £	2000 £
Amounts falling due within one year:		
Trade debtors	542,283	629,857
Other debtors	16,347	8,628
Prepayments and accrued income	18,383	29,502
	577,013	667,987

# THE NORTHERN COLLEGE FOR RESIDENTIAL ADULT EDUCATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2001

### 16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Loans	43,281	50,584
Payments received in advance	268,263	446,871
Trade creditors	200,060	284,402
Other taxation and social security	93,382	95,334
Accruals	26,655	52,192
Amounts due under finance lease and hire purchase contracts	-	10,762
	<u>631,641</u>	<u>940,145</u>

### 17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2001 £	2000 £
Loans	<u>201,156</u>	<u>235,989</u>

### 18 BORROWINGS

Borrowings are repayable as follows:

	2001 £	2000 £
Within one year		
Loans and other borrowings	43,281	50,584
Finance leases	-	10,762
After one and within two years		
Loans and other borrowings	38,079	34,834
After two and within five years		
Loans and other borrowings	83,801	96,849
After five years		
Loans and other borrowings	79,276	104,306
	<u>244,437</u>	<u>297,335</u>

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

	2001 £	2000 £
Council loans	135,564	156,652
Union loans	108,873	129,921
	<u>244,437</u>	<u>286,573</u>

# THE NORTHERN COLLEGE FOR RESIDENTIAL ADULT EDUCATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2001

### 18 BORROWINGS (CONTINUED)

Of the total loans outstanding £160,188 (2000: £189,494) 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.

Hire purchase liabilities are secured on the assets concerned.

### 19 PROVISION FOR LIABILITIES AND CHARGES

#### Enhanced pension provision

	Total £
At 1 August 2000	37,238
Provision made in the period	3,114
Expenditure in the period	(4,970)
<b>At 31 July 2001</b>	<b><u>35,382</u></b>

### 20 DEFERRED CAPITAL GRANTS

	FEFC/LSC £	Other grants £	Total £
At 1 August 2000			
Land and buildings and improvements to property	808,398	130,319	938,717
Equipment	109,249	176,419	285,668
	<u>917,647</u>	<u>306,738</u>	<u>1,224,385</u>
Cash receivable			
Land and buildings and improvements to property	4,866	-	4,866
Equipment	46,900	-	46,900
	<u>51,766</u>	<u>-</u>	<u>51,766</u>
Released to income and expenditure			
Land and buildings and improvements to property	62,568	10,897	73,465
Equipment	35,148	53,155	88,303
	<u>97,716</u>	<u>64,052</u>	<u>161,768</u>
At 31 July 2001			
Land and buildings and improvements to property	750,696	119,422	870,118
Equipment	121,001	123,264	244,265
	<u>871,697</u>	<u>242,686</u>	<u>1,114,383</u>



# THE NORTHERN COLLEGE FOR RESIDENTIAL ADULT EDUCATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2001

### 20 DEFERRED CAPITAL GRANTS (CONTINUED)

Analysis of capital grants received from the Further Education Funding Council/Learning and Skills Council during 2000/01:

	£
Infrastructure	46,900
Support for major works	4,866
	<u>51,766</u>

### 21 CAPITAL RESERVES

	2001 £	2000 £
At 1 August 2000	633,627	393,272
Transfer from income and expenditure account	44,362	303,687
Transfer to income and expenditure account	(64,589)	(63,332)
At 31 July 2001	<u>613,400</u>	<u>633,627</u>

### 22 INCOME AND EXPENDITURE ACCOUNT

	2001 £	2000 £
Balance at 1 August 2000	323,023	513,530
Surplus on continuing operations after depreciation	59,082	49,848
Transfer to capital reserve	(44,362)	(303,687)
Transfer from capital reserve	64,589	63,332
At 31 July 2001	<u>402,332</u>	<u>323,023</u>

### 23 CAPITAL COMMITMENTS

	2001 £	2000 £
Contracted for but not provided in these financial statements	<u>14,360</u>	<u>50,000</u>

### 24 PENSION AND SIMILAR OBLIGATIONS

The two principal pension schemes for the College's staff are the Universities Superannuation Scheme (USS) and the South Yorkshire Pensions Authority (SYPA).

The USS provides benefits based on final pensionable salary for academic and related employees of some UK institutions and some other employers. The SYPA provides similar benefits for other staff of the institution.

# THE NORTHERN COLLEGE FOR RESIDENTIAL ADULT EDUCATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2001

### 24 PENSION AND SIMILAR OBLIGATIONS (CONTINUED)

#### Universities Superannuation Scheme (USS)

Under the definitions set out in Financial Reporting Standard 17 Retirement Benefits, the USS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly the College has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The College has set out below the information available on the surplus in the scheme and the implications for the College in terms of the anticipated contribution rates.

The employers' contribution rate is 14% of pensionable salary. The pensions cost is assessed every three years. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Last actuarial valuation	31 March 1999
Actuarial method	Projected unit
Investment returns per annum	4.5%
Salary scale increases per annum	3.6%
Value of assets at date of last valuation	£18,815m
Proportion of members accrued benefits covered by the actuarial value of assets	108%

#### South Yorkshire Pensions Authority (SYPA)

The College is a member of the South Yorkshire Pension Authority (SYPA) a defined benefit scheme.

The College has been unable to comply with the requirements of Financial Reporting Standard 17: Retirement Benefits in respect of the SYPA, as the information could not be obtained on a timely and reasonable basis. In accordance with the guidance issued by the Learning and Skills Council (circular 01104) the College has made similar disclosures to the Universities Superannuation Scheme as set out above.

The SYPA is a funded scheme, with the assets held in separate trustee administered funds. The employer's contribution rate is 13.1%. The pension cost is assessed every three years in accordance with the advice of an independent qualified actuary using the projected unit method.

Last actuarial valuation	31 March 1998
Actuarial method	Projected unit
Investment returns per annum	6.3%
Pension increases per annum	4.2%
Value of assets at date of last valuation	£2,009m
Proportion of members accrued benefits covered by the actuarial value of assets	90%

The total pension cost for the College was:

	2001	2000
	£	£
Contributions to USS	132,838	113,771
Contributions to SYPA	108,044	109,735
	<u>240,882</u>	<u>223,506</u>

# THE NORTHERN COLLEGE FOR RESIDENTIAL ADULT EDUCATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2001

### 25 NET CASH INFLOW FROM OPERATING ACTIVITIES

	2001 £	2000 £
Surplus on continuing operations after depreciation	59,082	49,848
Depreciation	281,280	277,065
Deferred capital grants released to income	(161,768)	(158,032)
(Increase)/Decrease in stock	(2,250)	1,290
Interest payable	34,502	31,120
Decrease in debtors	90,974	137,500
(Decrease)/Increase in creditors	(290,439)	288,413
(Decrease)/Increase in provisions	(1,856)	8,092
Interest receivable	(8,863)	(5,455)
Net cash inflow from operating activities	<u>662</u>	<u>629,841</u>

### 26 ANALYSIS OF CHANGES IN NET (DEBT)/FUNDS

	At 1 August 2000 £	Cashflows £	At 31 July 2001 £
Cash in at bank and in hand	306,617	(141,898)	164,719
Debt due within one year	(50,584)	7,303	(43,281)
Debt due after one year	(235,989)	34,833	(201,156)
Finance Leases	(10,762)	10,762	-
	(297,335)	52,898	(244,437)
Total	<u>9,282</u>	<u>(89,000)</u>	<u>(79,718)</u>

### 27 RECONCILIATION OF MOVEMENT IN MEMBERS' FUNDS

	2001 £	2000 £
Surplus for the financial year	59,082	49,848
Opening accumulated funds	956,650	906,802
Closing accumulated funds	<u>1,015,732</u>	<u>956,650</u>

### 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 2001 there were 32 members (2000: 6).

### 29 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 July 2001 or 31 July 2000.

# THE NORTHERN COLLEGE FOR RESIDENTIAL ADULT EDUCATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2001

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### 30 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 inevitable that transactions will take place with organisations which a member of the Board of Governors may have an interest. All transactions involving organisations 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.