

THE LEIGH CITY TECHNOLOGY COLLEGE
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 1998

Company Registration - No 02336587R

Charity Registration - No 800972



**THE LEIGH CITY TECHNOLOGY COLLEGE
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 1998**

CONTENTS

	PAGE
LEGAL AND ADMINISTRATIVE INFORMATION	1
REPORT OF THE GOVERNORS	2
STATEMENT OF DIRECTORS' RESPONSIBILITIES	5
AUDITORS' REPORT	6
STATEMENT OF FINANCIAL ACTIVITIES	7
INCOME AND EXPENDITURE ACCOUNT	8
BALANCE SHEET	9
CASHFLOW STATEMENT	10
NOTES TO THE FINANCIAL STATEMENTS	11
DETAILED INCOME AND EXPENDITURE ACCOUNT	20

**THE LEIGH CITY TECHNOLOGY COLLEGE
LEGAL AND ADMINISTRATIVE INFORMATION**

Members

Sir Geoffrey Leigh
R J Dunn
T J Mahon
Sir Cyril Taylor
J S Newman

The Members of the company are also the Directors.

Governors

Mrs D Atwood*	(Appointed 18 November 1998)
R C R Blackledge^* °	(Retired 18 November 1998)
K Bradbrook^	
P Carter	
A Clayton*	
M Dando^	
R J Dunn*	
AFX Green^* °	
K F M Leadbeater ^*	
Sir Geoffrey Leigh	(Chairman)
Mrs P Morris	(Resigned 18 November 1998)
T C H Smith^*	
Mrs N Wightman*	
Dr J Williams	
Mrs P de Winton*	

Key

^ Members of the Finance Committee
* Members of the Staffing & General
Purposes Committee
° Members of the Premises Committee

Secretary

R G Teare FCA

Registered Office

Green Street Green Road
Dartford
Kent DA1 1QE

Company Registration Number

02336587R

Charity Registration Number

800972

Auditors

Pannell Kerr Forster
Chartered Accountants
New Garden House
78 Hatton Garden
London EC1N 8JA

Bankers

Midland Bank Plc
38 High Street
Dartford
Kent DA1 1DG

Solicitors

T G Baynes
12 High Street
Dartford
Kent DA1 1DB

THE LEIGH CITY TECHNOLOGY COLLEGE REPORT OF THE GOVERNORS

The Governors present their report and the audited financial statements for the year ended 31 August 1998.

Constitution and principal activities

The College is a company limited by guarantee and a registered charity. The company's memorandum and articles of association are the primary governing documents of the College. Members of the company are nominated either by the Secretary of State for Education and Employment or Allied London Properties Plc. The articles of association require the members of the company to appoint at least 8 Governors to be responsible for the affairs of the company and the management of the College.

Governors are subject to retirement by rotation but are eligible for re-election at the meeting at which they retire. At each Annual General Meeting of the company one third of the Governors retire by rotation. The Governors to retire are those who have been longest in office since their last election or appointment.

The principal activity of the College is to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, operating and developing one or more secondary schools offering a broad curriculum with a strong emphasis on science, technology, modern languages and their principal applications.

In accordance with the articles of association the company has adopted a "Scheme of Government" approved by the Secretary of State for Education and Employment. The Scheme of Government specifies, amongst other things, the basis for admitting students to the College, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with an emphasis on science and technology and their practical applications.

Organisation and Objectives

The sole activity of the Company is the operation of The Leigh City Technology College which provides education for students across the whole ability range between the ages of 11 and 19 with an emphasis on science, technology and vocational education. During the year the College reviewed its mission and motto and has redefined them.

Mission The Leigh City Technology College is creating a Quality Learning Network which achieves excellence in all its services in an enterprising culture and in partnership with the community.

Motto ACT ENTERPRISINGLY WORK IN PARTNERSHIP ACHIEVE EXCELLENCE

The goals of the College are:

- to raise the aspirations and achievements of all students and staff through a system of quality management and continuous improvement which sets targets and implements strategies for regular and effective monitoring and evaluation;
- to develop a culture of innovation, research and development which places the College at the leading edge in all its areas of activity and enables it to provide a distinctive CTC curriculum meeting the needs of business, industry and the wider European market; and
- to ensure that the College is run cost-effectively and efficiently, and that strategies are adopted to secure its future as a well-run, well-funded institution able to meet the educational and community demands of a changing world.

During the year the management structure of the College was reviewed by the new Principal and a number of changes have taken place. The Business Manager became the Bursar, one of the Vice Principals retired and will not be replaced. One of the Curriculum Managers gained a promotion to Deputy Head in Durham. The remaining Curriculum Managers had their roles redefined and have become Assistant Principals.

Developments, Activities and Achievements

The Leigh City Technology College ended its eighth year with the best examination results yet at GCSE level. 47% of our students achieved five or more A* - C grades. This puts the College in the top 5 most improved schools during the past four years. Baseline results are up by 27% over the period from 20% to 47% which is an increase of more than 100%.

The College's reputation as a leading exponent in vocational education was confirmed by excellent results in the GNVQ Part 1 examinations, 70% of the year group gaining intermediate level passes. The College pioneered the development of GNVQ Part 1 courses and the Government now counts these as equivalent to two GCSE grades at A -C. In this way, the College provides a balanced curriculum combining the best of vocational and academic learning for all students.

THE LEIGH CITY TECHNOLOGY COLLEGE REPORT OF THE GOVERNORS (Continued)

In Advanced GNVQ, which allows progression to University, 83% of students achieved passes, an excellent result which gives our students a great advantage in the employment market. At 'A' Level, results were in line with student ability.

In the National Curriculum Tests at Key Stage 3, 71% of students achieved higher levels against a national figure of 60%. A key aspect of this rise in achievement is the introduction of target-setting for every student and personal mentoring of all examination students by senior staff.

Over-subscription remains high with applications for the 1998 entry reaching 680.

The College continued to upgrade its High Technology learning resources. A new Information and Communications Technology room called the 'Virtual Classroom' was created. This High Technology classroom houses video-conferencing equipment designed for distance-learning work by Post 16 students undertaking A Level Psychology and Electronics. The facility can provide video-conferencing links for Leigh students with students and employers all around the world.

The College continues to enjoy the benefit of many supportive companies who offer visits and curriculum support in other ways. In 1997/98 College students visited or were visited by representatives from such diverse organisations as Caterham Cars, Ford, McDonalds, Bluewater Park, Glaxo Wellcome, Alfred Marks, The Orchard Theatre, and Dartford Borough Council to name but a few. These links were successfully used to enrich student learning.

In order to assess the likely maintenance requirement in the coming years a full structural survey was carried out and a 5-year programme identified. The costs of the maintenance are large and will require considerable support from the Department for Education and Employment. Since 20% of capital costs have to be met by the College there will also be a considerable burden on the College.

Operating and Financial Review

Most of the College's income is obtained from the DfEE in the form of recurrent grants the use of which is restricted to particular purposes. The grants received during 1997/98 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The College also receives capital grants from the DfEE and capital donations from commercial sponsors. The capital grants and donations have been given to the College to provide fixed assets and have been fully expended. In accordance with accounting standards the grants and donations are shown in the balance sheet as deferred income. The balance sheet deferred income account is reduced by transfers of amounts equivalent to any depreciation or amortisation charges over the expected useful life of the assets concerned. The transfers from the deferred income accounts are shown as income to the endowment funds on the Statement of Financial Activities.

Expenditure for the year exceeded grants from the DfEE and other income by £31,838. In 1997 grants and other income exceeded expenditure by £27,389.

At 31 August 1998 the net book value of fixed assets was £8,419,587 (1997: £8,524,030) and movements in tangible fixed assets are shown in note 10 to the financial statements. The assets are used exclusively for providing education and associated support services to the pupils of the College.

The College had net assets of £146,605 at 31 August 1998 (1997: £178,443). The funds are adequate to fulfil the obligations of the College and provide against most unforeseen future events. To achieve the development plan objectives and for other major capital projects the College remains dependent on the provision of additional capital grants from both the DfEE and commercial sponsors.

Year 2000

The College has recently recabled the network and upgraded the computer systems on it. The contract was placed with Siemens and, as part of the contract, they have undertaken to give a statement of compliance. The College has a Novell network with Bay switches. Both of these companies have published statements (available on their web sites) indicating that their products are Year 2000 compliant.

**THE LEIGH CITY TECHNOLOGY COLLEGE
REPORT OF THE GOVERNORS (continued)**

Subsidiary Company

The College owns 100% of the issued ordinary shares of The Leigh CTC Enterprises Company Limited incorporated in England. In the year to 31 August 1998 the subsidiary made a loss of £1,582 (1997: profit of £1,313). Further details about the company are given in note 11 to the financial statements.

Governors

The Governors of the College who served during the year and subsequently are set out on page 1.

Indemnity insurance

The College maintains indemnity insurance in respect of its Members and its Governors.

Legal status

The College is a company limited by guarantee and a registered charity. The company does not have a share capital. Every member of the company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1, for the debts and liabilities contracted before he/she ceased to be a member.

Disabled persons

The policy of the College is to support the employment of disabled persons both in the recruitment and by retention of employees who become disabled whilst in the employment of the College, as well as generally through training and career development.

Auditors

The auditors, Pannell Kerr Forster have signified their willingness to continue in office. A resolution to reappoint them will be proposed at the annual general meeting.

Approval

The Report of the Governors was approved on 14 January 1999.



**THE LEIGH CITY TECHNOLOGY COLLEGE
STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing these financial statements, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on the going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS' REPORT TO THE MEMBERS OF
THE LEIGH CITY TECHNOLOGY COLLEGE**

We have audited the financial statements on pages 7 to 19 which have been prepared on the basis of the accounting policies set out on page 11 and 12.

Respective responsibilities of directors and auditors

As described on page 5, the Directors are responsible for the preparation of 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 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 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.

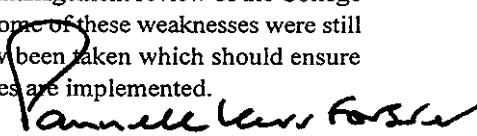
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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:-

- a) the financial statements give a true and fair view of the state of affairs of the College as at 31 August 1998 and of its income and expenditure and cash flow for the year then ended and have been properly prepared in accordance with the Companies Act 1985;
- b) the financial statements have been prepared in accordance with the Financial Reporting and Annual Accounts Requirements issued by the Department for Education and Employment in respect of the relevant financial year;
- c) proper accounting records have been kept by the College throughout the year;
- d) grants made by the Department for Education and Employment have been applied for the purposes intended;
- e) The Department for Education and Employment carried out a financial management review of the College in March 1998 and identified certain weaknesses in internal controls. Some of these weaknesses were still evident at the time of our audit, but we understand that action has now been taken which should ensure that the Department's recommendations in relation to those weaknesses are implemented.

London
14 January 1999


PANNELL KERR FORSTER
Chartered Accountants and Registered Auditors

**THE LEIGH CITY TECHNOLOGY COLLEGE
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 1998**

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 1998 £	Total 1997 £
INCOMING RESOURCES						
Grants received	2, 3 & 4	-	3,900,715	15,945	3,916,660	4,302,621
Donations & gifts	5	-	17,500	-	17,500	1,587
Interest received	6	38,597	-	-	38,597	32,795
Other income	6	82,522	-	-	82,522	42,391
Amortisation Transfer		-	-	218,043	218,043	335,253
Total Incoming Resources		121,119	3,918,215	233,988	4,273,322	4,714,647
RESOURCES EXPENDED						
<i>Direct Charitable Expenditure:</i>						
Provision of Education		-	3,512,940	-	3,512,940	3,425,098
Support costs		-	339,763	-	339,763	376,378
<i>Other Expenditure:</i>						
Management & Administration		152,957	271,555	-	424,512	506,682
Total Resources Expended	7	152,957	4,124,258	-	4,277,215	4,308,158
NET (OUTGOING)/INCOMING RESOURCES BEFORE TRANSFERS						
		(31,838)	(206,043)	233,988	(3,893)	406,489
Transfers to deferred income	16	-	(12,000)	(15,945)	(27,945)	(379,100)
Transfers between funds		-	218,043	(218,043)	-	-
Transfer between funds in respect of opening deficit on Restricted Funds		(447,661)	447,661	-	-	-
NET MOVEMENT IN FUNDS		(479,499)	447,661	-	(31,838)	27,389
FUND BALANCES BROUGHT FORWARD AT 1 SEPTEMBER 1997						
		626,104	(447,661)	-	178,443	151,054
FUND BALANCES CARRIED FORWARD AT 31 AUGUST 1998						
		146,605	-	-	146,605	178,443

The Statement of Financial Activities analyses all the capital and income resources and expenditures of the College during the year and reconciles the movements in the funds. Further analysis of the income and expenditure for the year is shown on page 8 and the overall financial position at the year end is summarised in the balance sheet on page 9.

**THE LEIGH CITY TECHNOLOGY COLLEGE
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 1998**

	Note	<u>1998</u> £	<u>1997</u> £
INCOME			
Annual Per Capita Grant	2	3,742,482	3,731,264
Other DfEE Grants	3	94,529	97,226
Other Grants	4	63,704	95,031
Private Sector Sponsorship	5	17,500	1,587
Interest received and other Income	6	121,119	75,186
Amortisation of Deferred Income		218,043	335,253
		<hr/>	<hr/>
TOTAL INCOME		4,257,377	4,335,547
		<hr/>	<hr/>
EXPENDITURE			
Annual Per Capita Grant Expenditure		4,048,936	3,960,675
Depreciation		218,043	335,258
Other Expenditure		22,236	12,225
		<hr/>	<hr/>
TOTAL EXPENDITURE	7, 8 & 9	4,289,215	4,308,158
		<hr/>	<hr/>
EXCESS OF (EXPENDITURE)/INCOME		(31,838)	27,389
		<hr/>	<hr/>
NET TRANSFER TO/(FROM) FUNDS			
General Purpose Fund (Grant Income)	18	(479,499)	4,491
Other Fund (Non-Grant Income)	17	447,661	22,898
		<hr/>	<hr/>
		(31,838)	27,389
		<hr/>	<hr/>

The Income and Expenditure Account is derived from the Statement of Financial Activities on page 7 which, together with the notes to the accounts on pages 11 to 19 provide full information on the movements during the year on all the funds of the College.

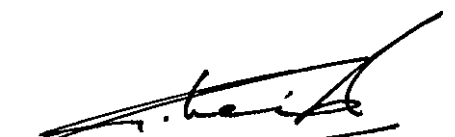
All items dealt with in arriving at the excess of income over expenditure for 1998 and 1997 relate to continuing operations.

The College has no recognised gains or losses other than those included in the above results and therefore no separate statement of gains and losses has been presented.

**THE LEIGH CITY TECHNOLOGY COLLEGE
BALANCE SHEET
AT 31 AUGUST 1998**

	<u>Notes</u>	<u>1998</u> £	<u>1997</u> As restated £
FIXED ASSETS			
Tangible assets	10	8,419,587	8,524,030
Investment	11	100,002	100,002
		<hr/>	<hr/>
		8,519,589	8,624,032
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors	12	61,211	355,156
Cash at bank and in hand		383,649	326,487
Prepayments		94,678	39,469
		<hr/>	<hr/>
		539,538	721,112
		<hr/>	<hr/>
CURRENT LIABILITIES			
Amounts falling due within one year			
Creditors	13	257,830	213,743
Accruals	14	96,105	289,928
		<hr/>	<hr/>
		353,935	503,671
		<hr/>	<hr/>
NET CURRENT ASSETS		185,603	217,441
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,705,192	8,841,473
		<hr/>	<hr/>
Provisions for Liabilities and Charges	15	139,000	139,000
Deferred Income	16	8,419,587	8,524,030
		<hr/>	<hr/>
NET ASSETS		146,605	178,443
		<hr/>	<hr/>
FUNDS			
Restricted Funds	17	-	(447,661)
Unrestricted Funds	18	146,605	626,104
		<hr/>	<hr/>
		146,605	178,443
		<hr/>	<hr/>

The financial statements were approved by the Board on 14 January 1999 and signed on its behalf by:


.....
Sir Geoffrey Leigh

**THE LEIGH CITY TECHNOLOGY COLLEGE
CASHFLOW STATEMENT
YEAR ENDED 31 AUGUST 1998**

	<u>1998</u> £	<u>1997</u> £
Net cash inflow from operating activities (see below)	31,070	75,014
Return on investment		
Interest received	38,597	32,795
Capital expenditure		
Payments to acquire tangible fixed assets	(334,082)	(272,849)
Financing		
(Decrease)/increase in amount due to subsidiary undertaking	(7,468)	3,156
Capital grants from DfEE	329,045	56,400
	<hr/>	<hr/>
Net cash inflow from financing	321,577	59,556
	<hr/>	<hr/>
Increase/(decrease) in cash (see below)	57,162	(105,484)
	<hr/> <hr/>	<hr/> <hr/>

**RECONCILIATION OF NET INCOMING RESOURCES TO
NET CASH INFLOW FROM OPERATING ACTIVITIES**

Net (outgoing)/incoming resources	(31,838)	27,389
Depreciation	218,043	335,253
Amortisation of capital grant	(218,043)	(335,253)
(Increase)/decrease in debtors	(19,155)	7,002
(Increase)/decrease in prepayments	(55,209)	16,677
Increase in creditors	51,555	31,451
Increase in accruals	26,659	9,678
Decrease in provisions	-	(127,438)
Exclusion of capital expenditure	97,655	143,050
Exclusion of interest received	(38,597)	(32,795)
	<hr/>	<hr/>
Net cash inflow from operating activities	31,070	75,014
	<hr/> <hr/>	<hr/> <hr/>

ANALYSIS OF MOVEMENT IN NET FUNDS

	At 1 September <u>1997</u> £	Cashflow £	At 31 August <u>1998</u> £
Cash at bank and in hand	326,487	57,162	383,649
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**THE LEIGH CITY TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 1998**

1 ACCOUNTING POLICIES

(a) Format of accounts

The standard format for the accounts as required by the Companies Act 1985 Schedule 4 part 1 has been adapted to provide more appropriate information which complies with the Statement of Recommended Practice (SORP) 'Accounting by Charities' and reflects the activities of the company.

(b) Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

(c) Recognition of income

Income received for specific purposes, e.g. capital grants, are included in the income and expenditure account to the extent of the relevant expenditure incurred in the period. Income received for specific purposes but not matched to relevant expenditure during the period is shown as deferred income on the balance sheet. The annual recurrent grant from the DfEE, which is intended to meet recurrent costs, is credited direct to the income and expenditure account.

(d) Allocation of cost between direct provision of education and other expenditure

In accordance with the Charities SORP, expenditure has been analysed between direct charitable and other expenditure. The only activity undertaken by the company is the operation of The Leigh City Technology College and indirect charitable expenditure reflects the costs of management, administration and fundraising necessary for the operation of the College.

(e) Tangible fixed assets

Tangible fixed assets acquired since the College was established are included in the accounts at cost. Assets inherited on establishment of the College are assumed to be fully depreciated and are not included in the accounts.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a deferred income 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.

(f) Depreciation

Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates used for assets are:

Long leasehold property	1.67%
Furniture & Equipment	10 - 15%
Computer equipment and software	20%

(g) Investments

Fixed asset investments are carried at historical cost less any provision for a permanent diminution in their value.

(h) Taxation

The company is a registered charity and as such is exempt from Income and Corporation taxes under the provisions of the Income and Corporation Taxes Act 1988. The cost of Value Added Tax incurred by the company has been included in the Income and Expenditure Account.

**THE LEIGH CITY TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 1998**

1 ACCOUNTING POLICIES (continued)

(i) Pensions

Retirement benefits to teachers employed by the company are provided by the Teachers' Superannuation Scheme (TSS). The TSS is a national, statutory, contributory, unfunded final salary scheme administered by the Teachers Pension Agency, an executive agency of the Department for Education and Employment. Pension costs are assessed in accordance with the advice of the Government Actuary. Normal and supplementary contributions are charged to the income and expenditure account in the year.

Non-teaching members of staff are offered membership of a defined contribution scheme. The assets of this scheme are held separately from those of the company, being invested with insurance companies. The pension costs for that scheme represent the contributions payable by the company in the year.

2 ANNUAL PER CAPITA GRANT	1998	1997
	£	£
Annual Per Capita Grant	3,742,482	3,731,264
	<u> </u>	<u> </u>
 3 OTHER DfEE GRANTS		
Earmarked Annual Grant - School meals	76,360	69,226
General National Vocational Qualification - Pilot Scheme	18,169	28,000
	<u> </u>	<u> </u>
	94,529	97,226
	<u> </u>	<u> </u>
 4 OTHER GRANTS		
Hearing Impaired Unit - Kent County Council	63,704	95,031
	<u> </u>	<u> </u>
 5 PRIVATE SECTOR SPONSORSHIP		
Sundry Sponsors	17,500	1,587
	<u> </u>	<u> </u>

THE LEIGH CITY TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 1998

6

OTHER INCOME	1998 £	1997 £
Interest received		
Bank	30,597	24,795
From Subsidiary Undertaking	8,000	8,000
	<hr/>	<hr/>
	38,597	32,795
	<hr/>	<hr/>
Other income		
North West Kent Teacher Trainers Association	15,827	4,948
Kent County Council – Support Staff	9,325	-
Rent received	5,051	3,977
Transport	24,026	29,379
Other costs recovered	12,815	4,087
Covenant income from subsidiary undertaking	15,478	-
	<hr/>	<hr/>
	82,522	42,391
	<hr/>	<hr/>
	121,119	75,186
	<hr/>	<hr/>

7

TOTAL RESOURCES EXPENDED	Staff costs £	Depreciation £	Other costs £	Total 1998 £	Total 1997 £
Direct Provision of Education	2,555,974	214,410	742,556	3,512,940	3,425,098
Support Costs	256,642	-	83,121	339,763	376,378
Management & Administration	269,621	3,633	151,258	424,512	506,682
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	3,082,237	218,043	976,935	4,277,215	4,308,158
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

8

GENERAL EXPENDITURE	1998 £	1997 £
Included in expenditure in the income and expenditure account and in the Other costs above are:		
Maintenance costs	86,353	12,241 (a)
Occupancy costs	233,434	227,414
Educational supplies and services	223,161	229,027
Other supplies and services	246,627	215,225
Auditors' remuneration - for audit services	5,119	7,051
Technology costs	51,741	28,640 (b)
Staff development	22,609	9,176
Miscellaneous	107,891	155,280
	<hr/>	<hr/>
	976,935	884,054
	<hr/>	<hr/>

(a) 1997 - Net of release from maintenance provision £96,921.

(b) 1997 - Net of release from maintenance provision £30,517.

**THE LEIGH CITY TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 1998**

9 STAFF COSTS

The average number of persons (including senior post holders) employed by the College during the year, expressed as full time equivalents was:-

	<u>1998</u> £	<u>1997</u> £
Management	4	4
Administration	20	20
Teachers and Educational support	94	95
	<hr/>	<hr/>
Total employees	118	119
	<hr/>	<hr/>
Staff costs for the above persons	£	£
Wages & Salaries	2,731,342	2,602,126
Social security costs	208,503	208,001
Other pension costs	142,392	170,718
Redundancy payments	-	108,006
	<hr/>	<hr/>
Total Staff Costs	3,082,237	3,088,851
	<hr/>	<hr/>

The number of employees of the College earning more than £40,000 was as follows:

£40,000 to £50,000	2	1
£50,000 to £60,000	-	1
£60,000 to £70,000	1	-

The Governors of the College did not receive any remuneration for their services as Governors.

Pensions

Details of the pension schemes available to employees of the College are set out in note 1(i).

Under the Teachers' Superannuation Scheme, teachers contributions, on a pay-as-you-go basis, and employers' contributions, are credited to the Exchequer. An annual account, the Teachers Superannuation Account, is kept of receipts and expenditure. Any excess of income over expenditure is deemed to be invested in Government securities. Notional interest on the deemed investment is added to the Account, and the resultant balance is known as the Notional Fund. Expenditure debited to the Account excludes the cost of pension increases paid under the Pension (Increases) Act.

Every five years the Government Actuary conducts an actuarial review of the Scheme, using normal actuarial principles. The cost of pension increases is excluded from the valuation and consequently neither teachers nor employers contribute to this added value, which is met directly by the Exchequer. The most recent review of the Scheme, covering the five years ended 31 March 1991, was published in 1997 and showed liabilities of £49,444 million compared with assets of £48,192 million. The Government Actuary concluded that the deficiency of £1,252 million would require supplementary contributions from employers of 0.5% per annum from 1 April 1997. The College contributed 8.05% of pensionable salaries to the scheme until 30 June 1997, when the rate was reduced to 7.2%.

The College has arranged a money purchase scheme for those non-teaching staff who wish to avail themselves of this facility.

THE LEIGH CITY TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 1998

10 TANGIBLE FIXED ASSETS	<u>Long leasehold land and buildings</u> £	<u>Furniture and equipment</u> £	<u>Computer equipment & Software</u> £	<u>Total</u> £
Cost				
Acquired since incorporation				
At 1 September 1997	9,398,127	1,134,785	606,808	11,139,720
Additions during year	9,764	33,725	70,111	113,600
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 1998	9,407,891	1,168,510	676,919	11,253,320
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 September 1997	1,090,414	1,051,364	606,807	2,748,585
Prior year adjustment	-	(132,895)	-	(132,895)
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 September 1997 as restated	1,090,414	918,469	606,807	2,615,690
Charge for year	156,798	50,345	10,900	218,043
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 1998	1,247,212	968,814	617,707	2,833,733
	<hr/>	<hr/>	<hr/>	<hr/>
Book value				
At 31 August 1998	8,160,679	199,696	59,212	8,419,587
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 1997 as restated	8,307,713	216,316	1	8,524,030
	<hr/>	<hr/>	<hr/>	<hr/>

The prior year adjustment is in respect of depreciation over-provided in previous years.

The Net Book Value at 31 August 1998 represents assets used for:

	<u>Long leasehold land and buildings</u> £	<u>Furniture and equipment</u> £	<u>Computer equipment & Software</u> £	<u>Total</u> £
Direct Charitable Purposes				
Education provision	8,160,679	159,757	59,212	8,379,648
	<hr/>	<hr/>	<hr/>	<hr/>
Other Purposes				
Management & administration	-	39,939	-	39,939
	<hr/>	<hr/>	<hr/>	<hr/>
	8,160,679	199,696	59,212	8,419,587
	<hr/>	<hr/>	<hr/>	<hr/>

**THE LEIGH CITY TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 1998**

10	TANGIBLE FIXED ASSETS (continued)	Note	<u>1998</u> £	<u>1997</u> £
	Source of funding for assets acquired			
	DfEE Capital Grants	16	8,903,449	8,887,504
	Private Sector Private Sponsorship	16	1,612,039	1,600,039
	General purpose fund (recurrent grant income)	16	737,832	652,177
			<u>11,253,320</u>	<u>11,139,720</u>

11 INVESTMENT

Wholly owned subsidiary undertaking

Shares at cost	2	2
Long term loan	100,000	100,000
	<u>100,002</u>	<u>100,002</u>

The wholly-owned subsidiary undertaking is The Leigh CTC Enterprises Company Limited, which is incorporated in England.

The principal activity of the subsidiary is the letting of leisure and social facilities to the public. The accounts of the subsidiary for the year ended 31 August 1998 show Shareholders Funds of £360 and a loss for the year of £1,582.

The investment is included in the balance sheet at cost. Consolidated accounts have not been prepared as, in the opinion of the Governors, the subsidiary is not material.

12	DEBTORS	<u>1998</u> £	<u>1997</u> £
	Due within one year:		
	Department for Education and Employment - Capital Grant	9,600	322,700
	- Other Grant	-	13,700
	Other debtors	51,611	18,756
		<u>61,211</u>	<u>355,156</u>

13	CREDITORS	<u>1998</u> £	<u>1997</u> £
	Amounts falling due within one year:		
	Taxation and social security	66,499	69,050
	Amount due to subsidiary undertaking	2,297	9,765
	Other creditors	189,034	134,928
		<u>257,830</u>	<u>213,743</u>

**THE LEIGH CITY TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 1998**

14 ACCRUALS

Capital expenditure	28,818	249,300
Sundry accruals	67,287	40,628
	<u>96,105</u>	<u>289,928</u>

15 PROVISIONS FOR LIABILITIES AND CHARGES

	At 1 September 1997 £	Amount released £	At 31 August 1998 £
Maintenance provision	139,000	-	139,000

16 DEFERRED INCOME

	Government grant £	Private sector capital sponsorship £	Recurrent Funding £	Total £
At 1 September 1997	8,887,504	1,600,039	652,177	11,139,720
Received during the year	15,945	-	-	15,945
Transfer from Income and Expenditure Account	-	12,000	85,655	97,655
At 31 August 1998	<u>8,903,449</u>	<u>1,612,039</u>	<u>737,832</u>	<u>11,253,320</u>

AMORTISATION

At 1 September 1997	(2,748,585)
Prior year adjustment	132,895

At 1 September 1997 as restated	(2,615,690)
Transfer from Income and Expenditure Account	(218,043)
	<u>(2,833,733)</u>

At 31 August 1998	<u>8,419,587</u>
-------------------	------------------

At 31 August 1997 as restated	<u>8,524,030</u>
-------------------------------	------------------

**THE LEIGH CITY TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 1998**

17 RESTRICTED FUNDS

The income funds of the College comprise the following balances of grants to be applied for specific purposes.

	<u>At</u> <u>1 September 1997</u> £	<u>Incoming</u> <u>Resources</u> £	<u>Expenditure</u> <u>gains, losses</u> <u>& Transfers</u> £	<u>At</u> <u>31 August 1998</u> £
Annual per capita grant	(465,095)	3,742,482	(3,277,387)	-
Earmarked Annual Grant school meals	-	76,360	(76,360)	-
General National Vocational Qualification - Pilot Scheme	12,257	18,169	(30,426)	-
Other grants	5,177	63,704	(68,881)	-
Private Sector	-	5,500	(5,500)	-
	<u>(447,661)</u>	<u>3,906,215</u>	<u>(3,458,554)</u>	<u>-</u>
Movement in year				<u>447,661</u>

18 UNRESTRICTED FUNDS

The income funds of the College include unrestricted funds, which are available for general purposes at the discretion of the Governors.

	<u>At</u> <u>1 September 1997</u> £	<u>Incoming</u> <u>Resources</u> £	<u>Expenditure</u> <u>gains, losses</u> <u>& Transfers</u> £	<u>At</u> <u>31 August 1998</u> £
Other funds - non grant	626,104	121,119	600,618	146,605
Movement in year				<u>(479,499)</u>

19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	<u>Unrestricted</u> <u>funds</u> £	<u>Restricted</u> <u>funds</u> £	<u>Deferred</u> <u>income</u> £	<u>Total</u> £
Tangible assets	-	-	8,419,175	8,419,175
Investments	100,002	-	-	100,002
Current Assets	46,603	551,358	-	597,961
Current liabilities	-	(412,358)	-	(412,358)
Non-current liabilities	-	(139,000)	-	(139,000)
Deferred income	-	-	(8,419,175)	(8,419,175)
	<u>146,605</u>	<u>-</u>	<u>-</u>	<u>146,605</u>

**THE LEIGH CITY TECHNOLOGY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 1998**

20 CAPITAL COMMITMENTS

	<u>1998</u> £	<u>1997</u> £
Authorised by the Governors and contracted for but not provided for in the accounts	NIL	NIL

21 OPERATING LEASE COMMITMENT

On 10 August 1998 the College entered into an agreement for the leasing of computer equipment, cabling and network, software and maintenance services.

The total rental payable under the agreement, excluding VAT, is as follows:

Six months after acceptance date	£
Twelve monthly instalments of £6,399	76,788
Eighteen months after acceptance date	
Forty eight monthly instalments of £11,901	571,248
	<u>648,036</u>

22 CONTINGENT LIABILITIES

In the event, during the period of the funding agreement, of the sale or disposal by other means of any asset for which a capital grant was received, the College shall, if it does not re-invest the proceeds, repay to the Secretary of State for Education and Employment the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the funding agreement, whether as a result of the Secretary of State or the College serving notice, the College shall repay to the Secretary of State sums determined by reference to:

- a) the value at the time of the College's site and premises and other assets held for the purpose of the College; and
- b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the funding agreement.