

**The Northern College for Residential Adult Education
Limited**

Financial statements

For the year ended 31 July 2008



THURSDAY



AP57A7WO

A12

05/03/2009

152

COMPANIES HOUSE

Company no 1339524

39401 45114100

Company information

Company registration number: 1339524

Charity registration number: 507245

Principal address and registered office: Wentworth Castle
Lowe Lane
Stainborough
BARNSLEY
South Yorkshire
S75 3ET

Principal: J Westerman

Company Secretary: Ms S Burke

Members:

Dr M Ball	Cllr J McKenna
Prof R Billingsley	Mr B Mottershaw
Mr M Bradley	Mr R Myers
Ms J Goodridge	Mr B Quick
Prof W Hampton	Ms H Rose
Mr R Harrison	Mr P Smedley
Ms P Johnson	Cllr A Sockett
Mr J Jones	Cllr M Stokes
Mr F Lord	Ms J Stubbs
Mr C Macdonald	Ms A Walker
Ms K May	Cllr M Walton

Bankers:

The Co-operative Bank
PO Box 250
SKELMERSDALE
WN8 6WT

Company information

Solicitors:

Eversheds LLP
Cloth Hall Court
Infirmary Street
LEEDS
LS1 2JB

Internal auditors:

Bentley Jennison
Chartered Accountants
2 Wellington Place
LEEDS
LS1 4AP

Financial statements auditors:

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
2 Broadfield Court
SHEFFIELD
S8 0XF

Index to the financial statements

Operating Financial Review	1 – 10
Corporate governance statement incorporating the statement of internal control	11 – 14
Statement of governing body's responsibilities	15
Reports of the independent auditor	16 – 18
Principal accounting policies	19 – 21
Income and expenditure account	22
Other primary statements	23
Balance sheet	24
Cash flow statement	25
Notes to the financial statements	26 – 40

Report of the members of the Board of Governors

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 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 opportunities for the transformation of individuals and communities and promote social change through the provision of outstanding adult residential and community based learning.

Implementation of the Strategic Plan

The college has developed a new Strategic Plan for the period 2008 –2011. The plan is modelled around the Framework for Excellence which is being implemented within general FE colleges during 2008/09 and in the Northern College during 2009/10. Specific targets for 2008/09 have been developed out of the broad aims and objectives of the Strategic Plan and these have been included in the College's Quality Improvement Plan.

The strategic planning process has been closely related to the South Yorkshire Learning and Skills Council Strategic Plan, in particular, the nine key challenges identified as facing the LSC. The College works extensively in South and West Yorkshire but for the purposes of this report has utilised South Yorkshire key issues to underpin its learner needs strategy. As a specialised institution dealing only with post-19 learners, some of those challenges are not appropriate for the College but in particular we would argue that we have played, and will continue to play, a significant role in the following areas:

- To enhance the employability of individuals improving basic skills and skills for everyday work
- To promote inclusion through learning by raising the participation and achievement of people from disadvantaged backgrounds
- To stimulate demand for learning from employers and employees least likely to undertake training or with poor qualification levels

Transparency arrangements

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, 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 to the Governing Body at:

Northern College for Residential Adult Education Limited
Wentworth Castle
Stainborough
Barnsley

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

Report of the members of the Board of Governors

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.

Financial Objectives

To maintain sound finances to underpin the College's work by,

- making a financial surplus each year
- creating sufficient reserves to ensure that the College's strategy can be effectively implemented
- diversifying income streams.

Performance Indicators

The LSC is introducing a new system of performance measures for colleges, the "Framework for Excellence". This framework is planned to be implemented across all providers in 2008/09 and in the intervening period, pilot institutions (of which the College is one) are developing the measures to be employed. The College will be monitored against the draft measures alongside the existing measures.

The framework has three dimensions:

- Responsiveness
- Effectiveness
- Finance

Each dimension has subsidiary key performance areas. These key performance areas are further broken down into performance indicators supported by performance measures which are absolute measures of performance. In deriving the overall performance rating, the Framework gives equal weighting to each of the three dimensions.

Target: Financial Health – Achieve Category B

Under the existing performance indicators the health rating which the College achieved in 2007/08 was Financial Health Category C

Target: Financial – Achieve a surplus of £100,000 (prior to pension adjustment)

The College achieved a surplus of £167,847 in 2007/08 (prior to pension adjustment)

Target: Diversify income streams and reduce dependency on LSC income

In 2007/08 around 47% of funding came from the LSC, 28% from external grant sources, 3% from local authorities and 18% from catering and residence operations and external bookings. The remaining 4% came from tuition fees.

The College has lower levels of funding from the LSC than most in the sector and a greater diversity of income.

Target: Achieve 100% of the funding allocation from the LSC.

The achievement funding allocation from the LSC in 2007/08 was 100.25%.

Target: To achieve 238 LSC funded FTEs.

The College achieved 302 LSC funded FTEs.

Target: To achieve 550 skills for life national test learners.

The College achieved 585 skills for life national test learners.

Report of the members of the Board of Governors

Financial Position

Financial results

The College generated an operating deficit for the year of £111,166, after pension adjustments, a surplus of £167,847 prior to pension adjustments (2007: deficit £63,556, after pension adjustments, surplus £25,529 prior to pension adjustments).

The College has accumulated income and expenditure reserves of £389,346 and cash balances at 31 July 2008 of £966,927.

During 2007/08 around 47% of funding came from the LSC, 28% from external grant sources, 3% from local authorities and 18% from catering and residence operations and external bookings. The College has lower levels of funding from the LSC than most in the sector and a greater diversity of income. The other 4% has come from Tuition Fees charged by the College.

Tangible fixed asset additions during the year amounted to £117,328, of which £89,160 related to equipment purchases and £28,168 to improvements to property. The equipment expenditure was mainly in relation to IT infrastructure and energy saving initiatives.

Future Developments and going concern considerations

The College is operating in both a difficult financial climate and with a changing funding environment and Governors, the Principal and Senior Management Team are aware of the financial risks faced by the College, and are working closely with the Learning Skills Council, which has given the College support by funding the services of a senior consultant, Sir George Sweeney, to assist in managing the change process.

The increase in and diversity of income is key to ensuring the sustainability of the College's work and expansion is planned in the following areas:

- Train to Gain (The Government's largest ever investment in workplace skills development)
- Train to Gain Enhancement

The College has only recently moved into "Train to Gain" work and from this position has secured some £236,000 of contracts already in 2008/09 and has further bids in for work, estimating that the total income to be generated for the year in this category should be around £400,000.

- Increase letting of Conference and event facilities
- Further development of the partnership with Higher Education, increasing the provision of foundation degrees, linked to an increase in HE funding
- Grant funded project work within the remit of the College's mission statement
- Bids for grants for technology, energy efficiency and other infrastructure investment

The College has identified savings and opened consultation with the trade unions around a programme of restructuring and redundancies. The total saving for 2009/10 is an estimated £500,000. Together with the projected additional income from Train to Gain this should result in the College achieving a balanced budget for 2009/10.

The Governors, Principal and Senior Management Team recognises that it will need to continually review the effectiveness of its provision, the funding received for different provision and the need to be cost effective and take measures to reduce the cost of provision. The financial position of the College is discussed with members of the Finance Committee twice each term and regular meetings are being held with LSC officers.

The LSC has stated that for 2009/10 they will continue to ensure that Specialist Designated Institutions (such as the College) have reasonable budgetary stability and that 2008/09 funding levels will be maintained, this protection will be subject to an assessment of the quality of provision and any notices to improve.

Report of the members of the Board of Governors

The College's bankers have formally renewed the College's overdraft facility for a further twelve month period to January 2010.

In the light of the restructuring programme and other factors listed above, the members consider that while there remains some uncertainty over specific amounts to be received from Train to Gain and the amounts to be saved, sufficient measures are in place for the financial statements to be prepared on a going concern basis.

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has for many years invested its surplus funds via Barnsley Metropolitan Council, which gave a high return and relatively low risk investment with on call refund. Regular reviews have taken place of alternative investments which have not provided higher returns with the same security and same day refund options.

However, in 2008/09 the Board of Governors are to receive reports reviewing the treasury management and looking at alternative arrangements, given the need for security of resources, the current reduction in interest levels and the efficiency of banking and other arrangements.

All borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum with the LSC.

Cashflow

At £356,987 (2006/07 £86,834) the operating cash in flow was reasonably strong. The main change between the years was a decrease in the level of debtors from the previous year. However, the overall cash position of the College will reduce during 2008/09 with the actual invoicing by Barnsley MBC of £443,927 relating to amounts due in respect of payroll payments made on the Colleges behalf in earlier years.

Liquidity

The College has not entered into any new borrowing arrangements during the year. The current loan that the college has, which was advanced by the Transport and General Workers Union, will be fully discharged by a final payment in December 2008.

Current and future development and performance

Curriculum Developments

The College is highly supportive of the mission, purpose and objectives of the Learning and Skills Council (LSC) and in particular with the declared objectives of the South Yorkshire LSC, with its objectives of working to address educational deficiencies in the sub-region and the development of partnership working. The College, because of its size, specificity and heritage, has always worked closely with other organisations, in particular the local authorities, the voluntary and community sector, local employers and trade unions. Over the last 2 years it has worked to align its curriculum more closely with regional and national priorities. The programmes within the College are listed below with a brief description.

Report of the members of the Board of Governors

Diploma Programme.

A full-time residential enhanced Access programme which runs from September to May. There are multiple exit qualifications ranging from an Access to HE Diploma to an HE level 1 Certificate. The key learning goal is the Diploma which provides automatic entry to the first year of university programmes. The HE Certificate provides exemption from the first year of an undergraduate programme. This programme can be accessed on a non-residential full-time basis and on a part-time basis, but numbers following these routes are limited in order to retain the residential core of the programme. A part-time Diploma in Trade Union Studies was offered over a series of residential weekends. During 2007/08 the programme was successfully re-validated by both the Open College Network and Sheffield Hallam University.

Foundation Programme

This area is concerned with courses from non-accredited up to and including level 2 provision. It offers both openly recruited short courses and, in conjunction with the following local authorities – Bradford, Kirklees, Wakefield, Leeds, Barnsley, Rotherham and Sheffield – outreach provision, day visits and short non-accredited residential courses. These Outreach Development courses are primarily engaged with group learning for new learners. The groups who come into the College are chosen in conjunction with the local authorities and often reflect different priorities in different authorities.

The largest part of the Foundation programme area is the Pathways Short Course offer which provides a progression pathway for Outreach Development and external project learners, in addition to those recruited through open advertisements. Courses range across a number of examining bodies with the bulk being with the Open College Network. The programme area feeds learners into the Diploma Programme or onto other local provision. The College is involved in the Foundation Learning Tier pilot and it is expected that the Foundation Programme will begin to offer Foundation Learning Tier units during 2008/09.

Skills for Life Programme.

This programme provides Skills for Life courses in Literacy and Numeracy and National Tests. It has been an area of growth and in 2007/08 the College exceeded the target set for 550 Skills for Life achievements. The area works closely with an externally funded Skills for Life capacity building and CPD project (PD Net) in the delivery of training programmes for Skills for Life tutors in the region. During 2007/08 it offered bridging courses at level 3 for tutors wishing to access the new literacy and numeracy tutor qualifications as well as a series of popular CPD courses.

All College provision has embedded Skills for Life and the programme provides support for other programme areas.

Workforce Development Programme.

This area includes the Trade Union Programme, the Learning for Work Programme, Sustainable Communities activity and work with employers. Trade union courses are undertaken in conjunction with UNISON, the GFTU, UNITE, GMBU and the regional TUC. The College began delivery of the Foundation Degree in partnership with Bradford University. In Sustainable Communities short courses are offered to community activists and professionals within the community and voluntary sector. This programme area has a growing portfolio of work-related qualifications.

The College now offers a full teacher training route from level 2 to level 4, including a PGCE which is accredited by Huddersfield University. These qualifications are particularly aimed at those working in the voluntary and community sector.

Train to Gain

In the summer term 2008 the College linked with the South Yorkshire College's Train to Gain consortium to offer Skills for Life training in the workplace. Plans are in place to extend this work during 2008/09 as well as to engage with the Train to Gain enhancement activity.

Payment Performance

The College recognises the importance of paying suppliers within reasonable timescales, and for those goods and or services where factual accurate invoices are supplied aims to make payment within 30 days of either the provision of goods or services or the date which the invoice is received.

Report of the members of the Board of Governors

Post balance sheet events

There were no post balance sheet events

Resources

The College has various resources that it can deploy in pursuit of its strategic objectives.

Physical

The College is located within a magnificent grade one listed house, with a superb award winning Learning Resource Centre, situated in a beautiful grade one listed garden to which College students have access.

People

The College employs 97 people, expressed as full time equivalents, which includes lecturing staff, learner support workers and college support staff

Reputation

The College has a good reputation, both locally and nationally, and was rated as outstanding by Ofsted in 2006/07.

Current and future development and performance

Student numbers

In 2007/2008 the College delivered activity to a value of £3,032,053 against an allocation of £3,024,569. This represents 2,751 part-time and 83 full-time LSC funded learners. In addition the College delivered provision to approximately 850 non-LSC funded learners.

Student Achievements

Overall success rates at the College remain very high at 92% (2006: 92%).

Risk factors

The key factors impacting on provision in 2007/08 was the continuing decline in the level of adult funding and its increasing specificity.

Since the shift in government priorities for adult education and training and consequent shifts in funding from 2005/06 onwards, the College has been in a difficult financial position and was designated financial Category C during 2007/08. Nonetheless, it achieved a financial surplus during this year, prior to pension adjustments, however, in 2008/09, the College has not yet secured its full income targets to enable it to even achieve a break even position.

The cost savings were achieved through staff savings (including compulsory redundancies) and tight controls on expenditure. In addition, the College embarked upon a programme of change for its curriculum offer with a move to responding more clearly to government priorities whilst also remaining focussed on its central mission.

The College has continued during the year to refine its risk management processes in response to internal audit recommendations. The Risk Management Policy and the terms of reference and membership of the Risk Management Group have been updated, and the Risk Register and Action Plan re-developed to bring them into line with the College's stated strategic objectives. The Risk Register and Action Plan is reviewed termly by the Risk Management Group and the Audit Committee.

Report of the members of the Board of Governors

Some of the principal risk factors to the College and their mitigating actions are listed below:

Funding

- a In order to continue to draw down the core LSC funding which forms the basis of a majority of the College's income, it is crucial that recruitment targets are hit
- b Recruitment to LSC targets is therefore closely monitored through the production of monthly returns to LSC, regular monitoring by the Senior Management Team and Academic Management Team and reports to each Policy and Finance Committee
- c The College aims to increase its income diversity through the development of additional funding streams via alternative provision (HE, project funded) and via the use of its buildings and facilities for conferences

Curriculum developments are monitored through a clear curriculum planning cycle which takes into account feedback from stakeholders and learners and allows for the development of recruitment strategies for new and developing areas of the curriculum. This in turn leads to the identification of potential project funding streams.

The College seeks to raise its profile with stakeholders and the local business community through the work of the Business Development Unit and through its business planning and marketing strategies.

Accommodation

- a The age and nature of some of the College's existing accommodation is such that there is an increased health and safety risk in terms of residential provision within an old building
- b The College has in place robust Health and Safety Policies and Procedures and a qualified competent person in the Health and Safety Officer. The ongoing health and safety regime and performance is monitored by the Health and Safety Committee, the Audit Committee and the Board
- c Some of the College's accommodation is becoming dilapidated and no longer fit for purpose.

An initial capital proposal has been lodged with LSC and there is the further possibility of talks with other organisations for alternative sources of funding.

Financial risk

The College uses financial instruments, comprising cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the College's operations. The main risk arising from the College financial instruments is liquidity risk. The Senior Management Team review and agree policies for managing this risk and this policy has remained unchanged from previous periods. The College seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Main sources of funding are achieved from the LSC by payments made through the Financial Memorandum agreement and from Ruskin by means of bursary payments.

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 2007/08.

Report of the members of the Board of Governors

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.

Disability Statement

The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Act 2001 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 £500,000. The programme was developed following a survey of the College's estate that was carried out during 2002/03. 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.

Disclosure of information to auditors

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Auditors

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006, unless the company receives notice under Section 488(1) of the Companies Act 2006.

Report of the members of the Board of Governors

Members of the Board of Governors

The members who served the College during the year and up to date of signature of this report were as follows:

	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served
Cllr A Sockett	01.08.2007	3 years		Local Auth Rep	Policy & Finance
Cllr J McKenna	01.08.2006	3 years		Local Auth Rep	Policy & Finance
Cllr M Walton	01.08.2005	3 years		Local Auth Rep	Chair: Policy & Finance, Search, Remunerations Sub-Committee
Cllr M Stokes	01.07.2007				Policy & Finance
Dr M Ball	01.08.2007	3 years		Academic Adviser	Chair: Board of Governors Quality, Policy & Finance, Search, Remunerations Sub-Committee
Mr J Bell	06.10.2006	3 years	31.07.2008	Academic staff	Policy & Finance
Prof R Billingsley	16.09.2005	3 years		Academic Adviser	Policy & Finance Committee
Mr R Harrison	01.08.2007	3 years		Business Rep	Chair: Audit
Mr F Lord	01.08.2005	3 years		Business Rep	Remunerations Sub-Committee
Mrs P Farrell	01.08.2005	3 years	31.07.2008	Minority ethnic Rep	
Mr M Bradley	01.08.2007	3 years		Trades Union Rep	Policy & Finance
Ms K May	01.08.2005	3 years		Trades Union Rep	
Ms C Maleham	16.12.2005	3 years	31.03.2008	Trades Union Rep	
Mr T Sargeson	06.10.2006	3 years		TUC Rep	
Ms J Stubbs	01.08.2005	3 years		Co-opted	Search
Prof W Hampton	01.08.2007	3 years		Co-opted	Quality
Ms H Rose	01.08.2006	3 years		Co-opted	Chair: Remunerations Sub-Committee
Mr R Quick	16.12.2005	3 years		Co-opted	Policy & Finance Committee
Mrs B Laird	01.08.2005	3 years	31.07.2008	Educational Inst Rep	Quality, Search
Mrs J Goodridge	01.08.2005	3 years		F/t res/admin staff rep	Quality Search


Report of the members of the Board of Governors

Members of the Board of Governors (continued)

	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served
Mr B Mottershaw	01.08.2007	3 years		NC Students' Assoc	Policy and Finance
Mr C Macdonald	01.08.2007	3 years		Academic Adviser	Quality
Ms A Walker	01.08.2007	3 years		WEA Rep	Remunerations Sub-Committee
Ms P Johnson	01.08.2006	3 years		UNISON	
Dr P Macredie	19.09.2006	3 years	31.07.2008	Business Rep	Search, Quality
Mr R Myers	19.09.2006	3 years		Voluntary Sector	Policy and Finance
Mr J Jones	01.03.2008	3 years		Trade Union Rep	
Mr R Mann	19.12.2008	3 years		Student Rep	
Mr N Kendrew	19.12.2008	3 years		Student Rep	
Ms H Anderson	19.12.2008	3 years		Academic Staff	Policy and Finance

At 31 July there were 27 members (2007: 26)

ON BEHALF OF THE BOARD


Dr M Ball
Chair, Board of Governors
27 February 2009

Corporate governance statement incorporating the statement of internal control

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the revised Combined Code on Corporate Governance, which was issued by the London Stock Exchange in July 2003. Its purpose is to help the reader of the accounts to understand how the principles have been applied.

In the opinion of the governors, the College complies with all the provisions of the Combined Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2008.

The Corporation

The composition of the Board of Governors is set out on page 9 and 10. It is the Board of Governors responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Board of Governors is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Board of Governors meets each term.

The 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, remuneration, search, quality and audit.

All governors are able to obtain independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Board for ensuring compliance with all applicable procedures and regulations. The appointment, evaluation and removal of the Clerk are matters for the Board of Governors as a whole.

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

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

There is a clear division of responsibility in that the roles of the Chair of the Board of Governors and Principal of the College are separate.

Appointments to the Board of Governors

Any new appointments to the Board of Governors are a matter for consideration of the Board of Governors as a whole. The Board of Governors has a search committee comprising six members, which is responsible for the selection and nomination of any new member for the Board of Governors consideration. The Board of Governors is responsible for ensuring that appropriate training is provided as required.

Members of the Board of Governors are appointed for a term of office not exceeding four years.

Remuneration Committee

Throughout the year ending 31 July 2008 the College's remuneration committee comprised six members. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior postholders.

Details of remuneration for the year ended 31 July 2008 are set out in notes 7 and 8 to the financial statements.

Corporate governance statement incorporating the statement of internal control

Audit Committee

The Audit Committee comprises two members of the Board of Governors (who exclude the Principal and Chair) and four other co-opted members. The Committee operates in accordance with written terms of reference approved by the Board of Governors. Its purpose is to advise the Board of Governors on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes.

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal and financial statement auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the LSC as they affect the College's business.

The College's internal auditors monitor the system of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the audit committee.

Management is responsible for the implementation of agreed audit recommendations and that internal audit undertake periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Board of Governors on the appointment of internal and financial statements auditors and their remuneration for both audit and non-audit work.

Internal Control

The Board of Governors is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Governors has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between the College and the Learning and Skills Council (LSC). She is also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Northern College for the year ended 31 July 2008 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Board of Governors has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2008 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Governors.

Corporate governance statement incorporating the statement of internal control

The risk and control framework

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body
- regular review by the governing body of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.

The College has an internal audit service, which operates in accordance with the requirements of the LSC's Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Board of Governors on the recommendation of the Audit Committee. At minimum annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The Principal's review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors and the LSC-appointed ILR auditors in their management letters and other reports.

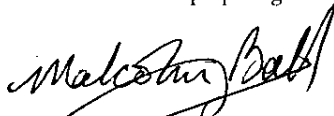
The Principal has been advised on the implications of the result of his or her review of the effectiveness of the system of internal control by the audit committee which oversees the work of the internal auditor, and a plan to address weaknesses and ensure continuous improvement of the system in place.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board of Governors agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its July 2008 meeting, the Board of Governors carried out the annual assessment for the year ended 31 July 2008 by considering documentation from the senior management team and internal audit.

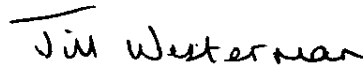
Corporate governance statement incorporating the statement of internal control

Going concern

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



Dr M Ball
Chair, Board of Governors
27 February 2009



J Westerman
Principal
27 February 2009

Statement of governing body's responsibilities

Members' responsibilities for the financial statements

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

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

In preparing the financial statements, the 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 assume that the College will continue in operation.

The Board of Governors is also required to prepare a Members Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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.

In so far as the directors are aware:


- there is no relevant audit information of which the college's auditors are unaware; and
- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Members of the Board of Governors are responsible for ensuring that Expenditure and Income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are 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.

Members of the Board of Governors must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Board of Governors are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds by the Council are not put at risk.

The College has purchased third party indemnity insurance for the members of the Board of Governors during the year.

Signed on behalf of the Board of Governors


Dr M Ball
Chair, Board of Governors
27 February 2009



Report of the independent auditor to the members of The Northern College for Residential Adult Education Limited

We have audited the financial statements of The Northern College for Residential Adult Education Limited for the year ended 31 July 2008, which comprise the income and expenditure account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

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

Respective Responsibilities of the Board of Governors of The Northern College for Residential Adult Education Limited and Auditors

As described in the Statement of Responsibilities, the College's Board of Governors is responsible for preparing the Report of the members of the Board of Governors and financial statements in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education, applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education. We also report to you whether, in our opinion, information given in the Report of the members of the Board of Governors is consistent with the financial statements. In addition we report to you if, in our opinion, the College has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Report of the members of the Board of Governors and consider the implications for our report if we become aware of any apparent misstatement within it.

We read other information contained in the Report of the members of the Board of Governors and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

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

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



Report of the independent auditor to the members of The Northern College for Residential Adult Education Limited

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the College as at 31 July 2008 and of the College's deficit of income over expenditure for the year then ended;
- are properly prepared in accordance with the 2007 Statement of Recommended Practice - Accounting for Further and Higher Education; and
- the information given in the Report of the members of the Board of Governors is consistent with the financial statements.

Emphasis of Matter - Going Concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 concerning the College's ability to continue as a going concern. This is in the light of the uncertainty over the source of the income that is required to meet the shortfall in the 2008/9 budget and that the College is in discussions with the LSC over future support. These conditions, explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the College's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the College was unable to continue as a going concern.

A handwritten signature in dark ink, appearing to read "C. Thornton" followed by some initials.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

SHEFFIELD
27 February 2009



Report of the independent auditor to the members of The Northern College for Residential Adult Education Limited

In accordance with the terms of our engagement letter dated 4 September 2006 and further to the requirements of the LSC, we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received of The Northern College for Residential Adult Education Limited ('the College') during the year ended 31 July 2008 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the members and the LSC. Our review work has been undertaken so that we might state to the members and the LSC those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members and the LSC, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of the members of The Northern College for Residential Adult Education Limited and the Auditors

The College's members are responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the Audit Code of Practice and the Regularity Audit Framework 2004/05 issued by the LSC. We report to you whether, in our opinion, in all material respects, expenditure disbursed and income received during the year ended 31 July 2008 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Basis of opinion

We conducted our review in accordance with the Audit Code of Practice and the Regularity Audit Framework 2004/05 issued by the LSC. Our review includes examination, on a test basis, of evidence relevant to the regularity and propriety of the College's income and expenditure.

Opinion

In all material respects the expenditure disbursed and income received during the year ended 31 July 2008 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Col Mh UK W

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

SHEFFIELD
27 February 2009

Principal accounting policies

Basis of preparation

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2003 and in accordance with applicable Accounting Standards. They conform to guidance published by the Learning and Skills Council in the accounts direction handbook.

The financial statements have been prepared under the historical cost convention, modified by the revaluation of certain fixed assets.

The accounts have been prepared on a going concern basis after the members' consideration of the factors set out in note 1.

Recognition of income

Income for tuition fees is recognised in the period which it is received and includes all fees chargeable to students or their sponsors.

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.

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

Non-recurrent grants from the Funding Council, 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.

Stocks

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

Maintenance of premises

The College has a five year rolling long-term maintenance plan, which forms the basis of the on-going maintenance of the estate. The cost of long-term and routine corrective maintenance is charged to the income and expenditure account in the period it is incurred.

Principal accounting policies

Pension schemes

Retirement benefits to employees of the College are provided by the Universities Superannuation Scheme and the South Yorkshire Pensions Authority (SYPA). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme.

Contributions to the Universities Superannuation Scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. Contributions to the scheme is determined by qualified actuaries on the basis of triennial valuations, using the projected unit method.

As stated in note 26, the USS is a multi employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis. The USS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

For SYPA the scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the project unit method on the basis of quinquennial valuations, and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the group.

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included in interest payable. Actuarial gains and losses are reported in the consolidated statement of total recognised gains and losses.

Tangible fixed assets

Freehold land and buildings

As no consideration was paid for the main property and because the College only has a right to retain the property whilst it continues to provide education, the governing body consider that it is not appropriate to recognise any value for the property and land surrounding it. Improvements made to the property and buildings built by the College are included at cost.

An assessment by Knight Frank of the hypothetical market rental value of the Main House indicates that immediate repairs required to its structure together with the ongoing running and maintenance costs to be borne by the College are sufficiently onerous that the property would be unlikely to let on the open market and if so would attain no more than a nominal rental.

The College's other buildings are specialised buildings and therefore it is not appropriate to value them on the basis of open market value. Other land and buildings are included in the balance sheet at cost. Other freehold land is not depreciated. Other 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.

Principal accounting policies

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
Motor vehicles	25% 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. For this reason the College is generally unable to recover input VAT it suffers on goods and services purchased. Non pay expenditure is therefore shown inclusive of VAT with any partial recovery netted off these figures.

Provisions

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

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 their useful lives.

Agency arrangements

The College acts as an agent in the collection and payment of learner support funds. Related payments received from the Learning and Skills Council and subsequent disbursements to students are excluded from the income and expenditure account and are shown separately in note 31, except for the 5 per cent of the grant received which is available to the College to cover administrative costs relating to the grant.

Income and expenditure account

	Note	2008 £	2007 £
Income			
Funding Council grants	2	3,249,621	3,236,470
Tuition fees and charges	3	476,981	330,932
Other grant income	4	2,057,506	756,803
Other operating income	5	1,144,988	986,692
Investment income	6	38,281	45,630
Total income		6,967,377	5,356,527
Expenditure			
Staff costs	7	3,516,048	3,248,954
Other operating expenses	9	3,257,786	1,844,076
Depreciation		247,141	250,286
Interest payable	11	57,568	53,143
Exceptional item: restructuring	12	-	23,624
Total expenditure		7,078,543	5,420,083
Deficit on continuing operations after depreciation of assets	23	(111,166)	(63,556)

The income and expenditure account is in respect of continuing activities.

Other primary statements

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES


	2008 £	2007 £
Deficit on continuing operations after depreciation of assets at valuation and tax	(111,166)	(63,556)
Actual return less expected return on pension scheme assets	(448,000)	209,000
Experience gains and losses	286,000	-
Change in financial and demographic assumptions underlying the scheme liabilities	(473,000)	78,000
Actuarial gains and losses on pension scheme	(635,000)	287,000
Total recognised (loss)/gain relating to the year	(746,166)	223,444
Reconciliation		
Opening reserves	(129,507)	(352,951)
Total recognised gains and losses for the year	(746,166)	223,444
Closing reserves	(875,673)	(129,507)

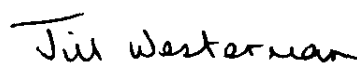
The accompanying accounting policies and notes form an integral part of these financial statements.

Balance sheet

	Note	2008 £	2007 £
Fixed assets			
Tangible assets	14	<u>2,670,880</u>	<u>2,800,693</u>
Current assets			
Stock	15	2,433	2,781
Debtors	16	415,748	1,110,655
Cash at bank and in hand		<u>966,927</u>	<u>609,967</u>
		<u>1,385,108</u>	<u>1,723,403</u>
Creditors: amounts falling due within one year	17	<u>(1,206,350)</u>	<u>(1,804,554)</u>
Net current assets/(liabilities)		<u>178,758</u>	<u>(81,151)</u>
Total assets less current liabilities		<u>2,849,638</u>	<u>2,719,542</u>
Creditors: amounts falling due after more than one year	18	-	(9,125)
Provision for liabilities	20	(49,715)	(46,719)
Pension deficit	26	(2,447,000)	(1,533,000)
		<u>352,923</u>	<u>1,130,698</u>
Deferred capital grants	21	<u>1,228,596</u>	<u>1,260,205</u>
Reserves			
Income and expenditure account excluding pension reserve		389,346	136,491
Pension reserve	26	(2,447,000)	(1,533,000)
Income and expenditure account including pension reserve	23	(2,057,654)	(1,396,509)
Capital reserve	22	1,181,981	1,267,002
Total reserves		<u>(875,673)</u>	<u>(129,507)</u>
		<u>352,923</u>	<u>1,130,698</u>

The financial statements on pages 19 to 40 were approved by the Board of Governors on 27 February 2009 and were signed on its behalf by:


Dr M Ball
Chair


J Westerman
Principal

Cash flow statement

	Note	2008 £	2007 £
Net cash inflow from operating activities	27	356,987	86,834
Returns on investments and servicing of finance			
Interest received		38,281	45,630
Interest paid		(1,568)	(2,143)
Net cash inflow from returns on investments and servicing of finance		36,713	43,487
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(117,328)	(291,967)
Receipt of capital grant		89,076	47,642
Net cash outflow from capital expenditure and financial investment		(28,252)	(244,325)
Net cash inflow/(outflow) before financing		365,448	(114,004)
Financing			
Net repayment of loans		(8,488)	(7,896)
Net cash outflow from financing		(8,488)	(7,896)
Increase/(decrease) in cash		356,960	(121,900)
Reconciliation of net cash flow to movement in net funds			
Increase/(decrease) in cash in the period		356,960	(121,900)
Cash outflow from loans		8,488	7,896
Movement in net funds in the period	28	365,448	(114,004)
Net funds at 1 August 2007		592,354	706,358
Net funds at 31 July 2008	28	957,802	592,354

Notes to the financial statements

1 Going concern

The College is operating in both a difficult financial climate and with a changing funding environment and Governors, the Principal and Senior Management Team are aware of the financial risks faced by the College, and are working closely with the Learning Skills Council, which has given the College support by funding the services of a senior consultant, Sir George Sweeney, to assist in managing the change process.

The increase in and diversity of income is key to ensuring the sustainability of the College's work and expansion is planned in the following areas:

- Train to Gain (The Government's largest ever investment in workplace skills development)
- Train to Gain Enhancement

The College has only recently moved into "Train to Gain" work and from this position has secured some £236,000 of contracts already in 2008/09 and has further bids in for work, estimating that the total income to be generated for the year in this category should be around £400,000.

- Increase letting of Conference and event facilities
- Further development of the partnership with Higher Education, increasing the provision of foundation degrees, linked to an increase in HE funding
- Grant funded project work within the remit of the College's mission statement
- Bids for grants for technology, energy efficiency and other infrastructure investment

The College has identified savings and opened consultation with the trade unions around a programme of restructuring and redundancies. The total saving for 2009/10 is an estimated £500,000. Together with the projected additional income from Train to Gain this should result in the College achieving a balanced budget for 2009/10.

The Governors, Principal and Senior Management Team recognises that it will need to continually review the effectiveness of its provision, the funding received for different provision and the need to be cost effective and take measures to reduce the cost of provision. The financial position of the College is discussed with members of the Finance Committee twice each term and regular meetings are being held with LSC officers.

The LSC has stated that for 2009/10 they will continue to ensure that Specialist Designated Institutions (such as the College) have reasonable budgetary stability and that 2008/09 funding levels will be maintained, this protection will be subject to an assessment of the quality of provision and any notices to improve.

The College's bankers have formally renewed the College's overdraft facility for a further twelve month period to January 2010.

In the light of the restructuring programme and other factors listed above, the members consider that while there remains some uncertainty over specific amounts to be received from Train to Gain and the amounts to be saved, sufficient measures are in place for the financial statements to be prepared on a going concern basis.

2 Funding council grants

	Learning and Skills Council 2008 £	Learning and Skills Council 2007 £
Recurrent grant	3,024,569	3,004,474
Release of deferred capital grants	103,466	85,028
Child Care	52,568	29,399
Local initiative funds	69,018	117,569
	3,249,621	3,236,470

Notes to the financial statements

3 Tuition fees and charges

	2008 £	2007 £
Home fees and charges	<u>476,981</u>	<u>330,932</u>

4 Other grant income

	2008 £	2007 £
Release from deferred capital grants (non Funding Council)	17,219	17,219
European funds	1,258,825	289,564
Other funds	781,462	450,020
	<u>2,057,506</u>	<u>756,803</u>

5 Other operating income

	2008 £	2007 £
Catering and residence operations	731,589	679,509
Other income generating activities	413,399	307,183
	<u>1,144,988</u>	<u>986,692</u>

6 Investment income

	2008 £	2007 £
Interest received	<u>38,281</u>	<u>45,630</u>

7 Staff costs

Staff costs during the year were as follows:	2008 £	2007 £
Wages and salaries	2,775,127	2,686,634
Social security costs	212,762	207,587
Other pension costs	565,915	354,733
Staff costs accrual release	(37,756)	-
	<u>3,516,048</u>	<u>3,248,954</u>

Notes to the financial statements

7 Staff costs (continued)

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

	2008 Number	2007 Number
Teaching departments - teaching staff	27	28
Teaching support services	12	12
Other support services	13	14
Administration and central services	27	28
Premises	18	17
	97	99

Staff costs for the above persons:

	2008 £	Restated 2007 £
Teaching departments - teaching staff	1,328,543	1,307,123
Teaching support services	342,351	341,644
Other support services	178,342	168,878
Administration and central services	950,824	958,971
Premises	255,539	276,425
Academy for Community leadership	275,205	161,913
FRS 17 retirement benefit charges	223,000	34,000
Staff cost accrual release	(37,756)	-
	3,516,048	3,248,954

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.

Total staff costs analysed by type of contract were:

	2008 £	2007 £
Employment costs for staff on permanent contracts	2,850,723	2,823,834
Employment costs for staff on short-term and temporary contracts	480,081	391,120
FRS 17 retirement benefit charge	223,000	34,000
Staff cost accrual release	(37,756)	-
	3,516,048	3,248,954

Restatement of Comparative Information

The college has reviewed the staffing categories for 2007 and has made changes to the way employees are classified. In addition, the previous year's treatment of FRS 17 retirement benefit charge to apportion across relevant staff costs has been amended to disclose the charge as a single figure. The comparative figures have been restated accordingly.

Notes to the financial statements

7 Staff costs (continued)

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

	2008 Number Senior postholders	2008 Number Other	2007 Number Senior Postholders	2007 Number Other
£50,001 to £60,000	-	8	-	4
£60,001 to £70,000	1	-	5	-
£70,001 to £80,000	3	-	-	-
£90,000 to £100,000	1	-	1	-
	<u>5</u>	<u>8</u>	<u>6</u>	<u>4</u>

The pay award for non-academic staff effective from April 2008 had not been settled at the 31 July 2008, a provision for a 3% pay award has been included in the accounts.

A pay award of 3% was made from May 2008 for academic and academic related staff, with a further 2.5% pay award from October 2008.

8 Senior postholders' emoluments

	2008 Number	2007 Number
The number of senior postholders including the principal was:	<u>5</u>	<u>6</u>

Senior postholders' emoluments are made up as follows:

	2008 £	2007 £
Salaries	314,446	358,416
Pension contributions	46,507	56,628
Total emoluments	<u>360,953</u>	<u>415,044</u>

The previous emoluments include amounts payable to the principal (who is also the highest paid senior postholder) of:

	2008 £	2007 £
Salary	76,725	79,634
Pension contribution	10,741	11,149
	<u>87,466</u>	<u>90,783</u>

Senior postholders, including the principal, received a pay increase of 3% with effect from May 2008, with a further pay increase of 2.5% from October 2008, these pay awards were approved by the Board of Governors. This increase was in line with the increase awarded to all academic and academic related staff.

Notes to the financial statements

8 Senior postholders emoluments (continued)

Ex gratia payment made to a former senior post holder or higher paid employee.

	2008	2007
	£	£
Ex gratia payment made to former employee	-	11,550

Members of the Board of Governors, other than the principal, and staff representatives, 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 2007/08 in respect of overseas activities, which were carried out in accordance with the strategy approved by the governing body:

	Total cost	2008 Contributions received	Net cost to college	2007 Net cost to college
	£	£	£	£
Senior postholders	-	-	-	-
Other staff	-	624	624	-
	-	624	624	-

9 Other operating expenses

	2008	2007
	£	£
Teaching Departments	196,036	170,097
Teaching support services	49,456	64,284
Other support services	61,285	63,480
Administration and central services	272,214	256,929
General education	173,349	155,330
Premises costs – Running costs	267,857	247,657
Premises costs – Maintenance	80,256	73,704
Premises costs – Rents and leases	50,968	20,000
Catering and residence operations	675,950	536,908
Academy for Community leadership	1,430,415	255,687
	<u>3,257,786</u>	<u>1,844,076</u>

Other operating expenses include:

	2008	2007
	£	£
Auditors' remuneration		
- Fees payable to the College's auditor for audit of the College's annual accounts		
Audit	11,868	11,060
- Fees payable to internal audit	11,750	12,828
- Other services	7,232	-

Notes to the financial statements

10 Bursaries

	2008 £	2007 £
Receipts	356,438	286,435
Payments	(357,399)	(286,435)
	<u>(961)</u>	<u>-</u>

11 Interest payable

	2008 £	2007 £
Pension finance costs	56,000	51,000
On loans		
Repayable within 5 years, by instalments	1,568	2,143
	<u>57,568</u>	<u>53,143</u>

12 Exceptional item

No exceptional items during the period

13 Taxation

The College was not liable for any corporation tax arising out of its activities during the year.

14 Tangible fixed assets

	Freehold land and buildings £	Improvements to property £	Equipment £	Total £
Cost				
At 1 August 2007	781,934	4,199,051	1,326,004	6,306,989
Additions	-	28,168	89,160	117,328
At 31 July 2008	<u>781,934</u>	<u>4,227,219</u>	<u>1,415,164</u>	<u>6,424,317</u>
Depreciation				
At 1 August 2007	136,875	2,114,911	1,254,510	3,506,296
Charge for the year	17,151	108,664	121,326	247,141
At 31 July 2008	<u>154,026</u>	<u>2,223,575</u>	<u>1,375,836</u>	<u>3,753,437</u>
Net book amount at 31 July 2008	<u>627,908</u>	<u>2,003,644</u>	<u>39,328</u>	<u>2,670,880</u>
Net book amount at 31 July 2007	<u>645,059</u>	<u>2,084,140</u>	<u>71,494</u>	<u>2,800,693</u>
Financed by capital grant	224,143	1,050,331	81,630	1,356,104
Other	403,765	871,456	39,555	1,314,776
	<u>627,908</u>	<u>1,921,787</u>	<u>121,185</u>	<u>2,670,880</u>

Freehold land and buildings and improvements to property with a net book value of £1,159,368 have been financed by exchequer funds. Should these assets be sold, the College may be liable, under the terms of the Finance memorandum with the Council, to surrender the proceeds.

Notes to the financial statements

14 Tangible fixed assets (continued)

As no consideration was paid for the main property and because the College only has a right to retain the property whilst it continues to provide education, the governing body consider that it is not appropriate to recognise any value for the property and land surrounding it. Improvements made to the property and buildings built by the College are included at cost.

An assessment by Knight Frank of the hypothetical market rental value of the Main House indicates that immediate repairs required to its structure together with the ongoing running and maintenance costs to be borne by the College are sufficiently onerous that the property would be unlikely to let on the open market and if so would attain no more than a nominal rental.

15 Stock

	2008 £	2007 £
Goods for resale	2,433	2,781

16 Debtors

	2008 £	2007 £
Amounts falling due within one year:		
Trade debtors	346,145	1,048,385
Other debtors	19,234	-
LSC grant debtor	-	22,621
Prepayments and accrued income	50,369	39,649
	<u>415,748</u>	<u>1,110,655</u>

17 Creditors: amounts falling due within one year

	2008 £	2007 £
Loans	9,125	8,488
Payments received in advance	62,429	459,363
Trade creditors	961,448	423,344
Other creditors	67,674	814,925
Other taxation and social security	83,528	85,606
Accruals	22,146	12,828
	<u>1,206,350</u>	<u>1,804,554</u>

18 Creditors: amounts falling due after more than one year

	2008 £	2007 £
Loans	-	9,125

Notes to the financial statements

19 Borrowings

Borrowings are repayable as follows:

	2008 £	2007 £
Within one year		
Loans	9,125	8,488
After one and within two years		
Loans	-	9,125
	<u>9,125</u>	<u>17,613</u>

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

	2008 £	2007 £
Union loans	<u>9,125</u>	<u>17,613</u>

The loan outstanding represents monies lent to the College by a Trade Union and is not secured by charges on the College's assets.

20 Provision for liabilities

Enhanced pension provision	Total £
At 1 August 2007	46,719
Provision made in the year	5,811
Expenditure in the year	(2,815)
At 31 July 2008	<u>49,715</u>

Notes to the financial statements

21 Deferred capital grants

	Funding council £	Other grants £	Total £
At 1 August 2007			
Land and buildings and improvements to property	1,110,020	84,347	1,194,367
Equipment	6,726	59,112	65,838
	<u>1,116,746</u>	<u>143,459</u>	<u>1,260,205</u>
Cash receivable			
Land and buildings and improvements to property	-	-	-
Equipment	89,076	-	89,076
	<u>89,076</u>	<u>-</u>	<u>89,076</u>
Released to income and expenditure			
Land and buildings and improvements to property	80,239	12,076	92,315
Equipment	23,227	5,143	28,370
	<u>103,466</u>	<u>17,219</u>	<u>120,685</u>
At 31 July 2008			
Land and buildings and improvements to property	1,029,781	72,271	1,102,052
Equipment	72,575	53,969	126,544
	<u>1,102,356</u>	<u>126,240</u>	<u>1,228,596</u>

Analysis of capital grants received from the Learning and Skills Council during 2007/08

	£
LSC Information Technology & Salix Energy Efficient Grants	<u>89,076</u>

22 Capital reserves

	2008 £	2007 £
At 1 August 2007	1,267,002	1,137,143
Transfer from income and expenditure account	28,252	244,325
Transfer to income and expenditure account	(113,273)	(114,466)
At 31 July 2008	<u>1,181,981</u>	<u>1,267,002</u>

23 Income and expenditure account

	2008 £	2007 £
At 31 July	(1,396,509)	(1,490,094)
Deficit on continuing operations	(111,166)	(63,556)
Transfer to capital reserve	113,273	(244,325)
Transfer from revaluation reserve	(28,252)	114,466
Actuarial gains and losses	(635,000)	287,000
	<u>(2,057,654)</u>	<u>(1,396,509)</u>

Notes to the financial statements

24 Reconciliation of movement in members' funds

	2008 £	2007 £
Deficit for the financial year	(111,166)	(63,556)
Actuarial gains and losses	(635,000)	287,000
Opening members' funds	(129,507)	(352,951)
Closing members' funds	<u>(875,673)</u>	<u>(129,507)</u>

25 Capital commitments

	2008 £	2007 £
Contracted for but not provided in these financial statements	<u>-</u>	<u>-</u>

26 Pension and similar obligations

The College's employees belong to two principal pension schemes, the Universities Superannuation Scheme (USS) and the South Yorkshire Pensions Authority (SYPA).

	2008 £'000	2007 £'000
Universities superannuation scheme contributions	142	153
South Yorkshire Pension Authority cost	414	277
Timing differences	9	(75)
	<u>565</u>	<u>355</u>

Timing differences have arisen due to differences in recognition of special contributions in prior year.

Universities Superannuation Scheme

The Universities Superannuation Scheme is a multi-employer benefit scheme. Contributions on a pay as you go basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972.

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

Latest actuarial valuation	31 March 2005
Actuarial method	Projected Unit
Investment returns per annum	4.5% per annum
Pension increases per annum	2.9% per annum
Salary scale increases per annum	3.9% per annum
Market value of assets at date of last valuation	£21,739 million

Proportion of members' accrued benefits covered by the actuarial value of the assets 77%

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 had accounted for its contributions to the scheme as if it were a defined benefit contribution scheme. The College has set out above the information available on the deficit in the scheme and the implications for the College in terms of the anticipated contribution rates.

Notes to the financial statements

26 Pension and similar obligations (continued)

South Yorkshire Pensions Authority

The SYPA is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution paid for the year ended 31 July 2008 was £257,563 (2007: £309,372) of which employer's contributions totalled £192,840 (2007: £240,772) and employees' contributions totalled £64,723 (2007: £68,600). The agreed contribution rates for future years are 22.8% for employers and from 5.5% to 7.5% for employees.

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

Latest actuarial valuation	31 March 2007
Actuarial method	Projected Unit
Investment returns per annum	6.50% per annum
Pension increases per annum	3.80% per annum
Salary scale increases per annum	5.30% per annum
Market value of assets at date of last valuation	£3,720 million

Proportion of members' accrued benefits covered by the actuarial value of the assets 86%

The following information is based upon a full valuation of the Fund at 31 March 2007 updated to 31 July 2008 by a qualified independent actuary.

	At 31 July 2008	At 31 July 2007	At 31 July 2006
	%	%	%
Inflation	3.80	3.20	3.00
Rate of increase in salaries	5.30	4.95	4.75
Rate of increase in pensions	3.80	3.20	3.00
Discount rate for liabilities	5.90	5.80	5.10

The current mortality assumptions include sufficient allowances for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 July 2008	At 31 July 2007
Retiring today		
Males	20.3	19.7
Females	23.1	22.6
Retiring in 20 years		
Males	21.3	22.2
Females	24.0	25.0

Notes to the financial statements

26 Pension and similar obligations (continued)

The College's assets in the scheme and the expected rates of return were:

	Long-term rate of return expected at 31 July 2008 %	Value at 31 July 2008 £'000	Long-term rate of return expected at 31 July 2007 %	Value at 31 July 2007 £'000	Long-term rate of return expected at 31 July 2006 %	Value at 31 July 2006 £'000
Equities	7.50	2,174	7.5	2,616	7.0	2,367
Government bonds	4.80	518	4.9	588	4.4	566
Other bonds	5.90	264	5.8	250	5.1	272
Property	6.50	372	6.5	465	6.0	415
Cash/liquidity	5.00	146	5.75	56	4.5	55
Total Market Value of assets		<u>3,474</u>		<u>3,975</u>		<u>3,675</u>
Present value of scheme liabilities		<u>(5,921)</u>		<u>(5,508)</u>		<u>(5,410)</u>
		<u>(2,447)</u>		<u>(1,533)</u>		<u>(1,735)</u>

Analysis of the amount charged to income and expenditure account

	2008 £'000	2007 £'000
Service cost	(184)	(199)
Employer past service cost	(230)	(78)
Total operating charge	<u>(414)</u>	<u>(277)</u>

Analysis of pension finance costs

Expected return on pension scheme assets	259	220
Interest on pension liabilities	(315)	(271)
Net pension finance cost	<u>(56)</u>	<u>(51)</u>

Amount recognised in the statement of total recognised gains and losses (STRGL)

	2008 £'000	2007 £'000
Actual return less expected return on pension scheme assets	(448)	209
Experience gains and losses arising on the scheme liabilities	286	-
Change in financial and demographic assumptions underlying the scheme liabilities	(473)	78
Actuarial (loss)/gain recognised in STRGL	<u>(635)</u>	<u>287</u>

Movement in surplus during year

	2008 £'000	2007 £'000
Deficit in scheme at 1 August 2007	(1,533)	(1,735)
Movement in year:		
Current service charge	(184)	(199)
Contributions	191	243
Past service cost	(230)	(78)
Net interest/return on assets	(56)	(51)
Actuarial (loss)/gain	(635)	287
Deficit in scheme at 31 July 2008	<u>(2,447)</u>	<u>(1,533)</u>

Notes to the financial statements

26 Pension and similar obligations (continued)

	2008 £'000	2007 £'000
Reconciliation of liabilities		
Liabilities at 1 August 2007	5,508	5,410
Service cost	184	199
Interest cost	315	271
Employee contributions	65	66
Actuarial losses/(gains) on scheme liabilities	23	(77)
Benefits paid	(404)	(439)
Past service cost	230	-
Curtailment	-	78
Liabilities at 31 July 2008	<u>5,921</u>	<u>5,508</u>

	2008 £'000	2007 £'000
Reconciliation of assets		
Assets at 1 August 2007	3,975	3,675
Expected return on assets	259	220
Actuarial (loss)/gain	(612)	210
Employer contributions	191	243
Employee contributions	65	66
Benefits paid	(404)	(439)
Assets at 31 July 2008	<u>3,474</u>	<u>3,975</u>

History of experience gains and losses

	2008 £'000	2007 £'000	2006 £'000	2005 £'000	2004 £'000
Difference between the expected and actual return on assets:					
Amount	(448)	209	219	349	51
% of scheme assets	12.8%	5.3%	6%	11.2%	2.2%
Experience gains and losses arising on the scheme liabilities	286	-	(87)	(380)	-
% of scheme liabilities	4.8%	0%	1.6%	7.9%	-
Total amount recognised in STRGL					
Amount	(627)	78	(215)	(695)	(56)
% of scheme liabilities	10.7%	1.4%	4%	14.4%	1.7%

27 Net cash inflow from operating activities

	2008 £	2007 £
Deficit on continuing operations after depreciation	(111,166)	(63,556)
Depreciation	247,141	250,286
Pensions adjustment	279,000	85,000
Deferred capital grants released to income	(120,685)	(102,247)
Interest payable	1,568	2,143
Decrease in stock	348	132
Decrease/(increase) in debtors	694,907	(407,846)
(Decrease)/increase in creditors	(598,841)	367,166
Increase in provisions	2,996	1,386
Interest receivable	(38,281)	(45,630)
Net cash inflow from operating activities	<u>356,987</u>	<u>86,834</u>

Notes to the financial statements

28 Analysis of changes in net (debt)/funds

	At 1 August 2007 £	Cashflows £	Other non cash changes £	At 31 July 2008 £
Cash in at bank and in hand	609,967	356,960	-	966,927
Debt due within one year	(8,488)	8,488	(9,125)	(9,125)
Debt due after one year	(9,125)	-	9,125	-
	(17,613)	8,488	-	(9,125)
Total	592,354	365,448	-	957,802

29 Company limited by guarantee

The Northern College 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 2008 there were 27 members (2007: 26).

30 Contingent liabilities

There were no contingent liabilities at 31 July 2008 or 31 July 2007.

31 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 in 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.

The Wentworth Castle and Stainborough Park Heritage Trust is a related party as a result of the College Principal's position as a director for the Trust and the level of planned property transactions which will be undertaken in the future. It is also considered that there is a level of common influence at the management level.

The financial arrangements between the College and the Wentworth Castle and Stainborough Park Heritage Trust (the Trust) are governed by a series of agreements. The major agreements being the contract for grant funding with the Trustees of the National Heritage Lottery Fund and the LSC capital funding agreement. During the financial year 2006/07 the College received grant funding from the LSC to fund payments made by the Trust in respect of work carried out on the roof renewal and external repairs to Wentworth Castle, due to LSC funding constraints this funding had to be paid to the College, who then pass the funds on to the Trust.

During the year to 31 July 2008 the final grant of £466,844 was received from the LSC, bringing the total grant received to £1,500,000 and payment made to the Trust of the outstanding balance of £769,277 bringing the total payment to £1,500,000 excluding VAT.

At 31 July 2008 the College included a debtor to the value of £25,732 in the financial statements in respect of goods and services provided to the Trust, however discussions are still ongoing regarding the appropriateness basis for the shared services.

Notes to the financial statements

32 Learner support funds

	2008 £	2007 £
Access funds		
Brought forward	545	-
Learning and Skills Council Grants	23,771	21,231
Interest earned	119	32
	<u>24,435</u>	<u>21,263</u>
Disbursed to students	(20,847)	(18,186)
Administration charge	(1,913)	(2,532)
Balance unspent as at 31 July	<u>1,675</u>	<u>545</u>
 Other Learner Support Funds		
Learning and Skills Council		
- Childcare	52,568	29,339
Amount consolidated in financial statements as childcare	<u>(52,568)</u>	<u>(29,399)</u>
Balance unspent as at 31 July	<u>-</u>	<u>-</u>

Learning and Skills Council grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Income and Expenditure Account. The income and expenditure consolidated in the College's financial statements relates to the provision of childcare.