

**Report and Financial Statements**  
**for the year**  
**ended 31 July 2011**

The College's mission as approved by the members of the Governing Body is:

**“Transforming lives and the environment through inspiring education.”**

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## OPERATING AND FINANCIAL REVIEW

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### NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31 July 2011.

#### Legal status

On the 1<sup>st</sup> October 1994, the College transferred from the Further Education sector to the Higher Education sector upon the authority of the Secretary of State for Education and by order of the Privy Council under Section 124A (3) and (4) of the Education Reform Act, 1988.

#### Mission

Transforming lives and the environment through inspiring education.

#### Financial objectives

The College's financial objectives are:

- to achieve an annual operating surplus
- to pursue alternative sources of funding, on a selective basis, consistent with the College's core competencies, and the need for a financial contribution to the College's overall finances
- to generate sufficient levels of income to support the asset base of the College
- to further improve the College's shorter term liquidity
- to fund continued capital investment.

A series of performance indicators have been agreed to monitor the successful implementation of the policies.

### FINANCIAL RESULTS

For the financial year ended 31 July 2011 the College is reporting a surplus at Historic Cost of £1,451k with a surplus on continuing operations (after depreciation of assets at valuation) of £1,110k. These figures include adjustments in the year for the pension deficit, in accordance with FRS17 of £282k, and direct restructuring costs of £10k.

The College had accumulated reserves of £4,220k (excluding Pension Liability of £(7,331)k and Revaluation Reserve of £6,338k) with cash balances of £2,430k, and long term debt of £4,500k at the Balance Sheet date.

The liability shown in 2010/11 does not yet reflect any decrease in respect of members of staff in the LGPS scheme based at Shuttleworth who transferred to Bedford College in August 2009. This has been estimated by the Essex Pension Scheme actuaries as shown for information under Note 35. Actual adjustments will be made when the final figures are available.

Tangible fixed asset additions during the year amounted to £1,320k. This was split between land and buildings acquired or in construction of £973k and equipment purchased of £347k.

The largest capital project undertaken during 2010/11 was the refurbishment of an existing structurally sound but underutilised building to provide modern teaching facilities for the College's Animal Studies students. The building work was started in January 2011 and finished in time for the start of the 2011/12 academic year.

The College has one subsidiary company, Writtle College Services Ltd, (WCSL) which is currently dormant.

**OPERATING AND FINANCIAL REVIEW (continued)****Financial Results**

Please find below a summary of the financial results for 2010/11 with prior year comparator on continuing operations.

	2011 £k	2010 £k
Continuing operations Income	17,270	16,778
Expenditure	<u>16,835</u>	<u>18,195</u>
Surplus/ (Deficit) at Revaluation	435	(1,417)
Depreciation on revalued assets	<u>186</u>	<u>202</u>
Surplus/ (Deficit) @ Historic Cost	621	(1,215)
Adjusted for non operating items		
FRS17 Pension adjustment	282	462
Restructuring costs	<u>10</u>	<u>311</u>
Adjusted Surplus/ (Deficit) at Historic Cost before asset sales	<u>947</u>	<u>(442)</u>

**Cash flows**

The College had a net cash inflow from operating activities of £2,106k for 2010/11. This compares to a net cash inflow from operating activities of £232k the previous year, (see Note 30)

**Liquidity**

During the financial year 2010/11 the College successfully bid for an interest free loan through Salix to the value of £109k. These funds are being drawn down during 2011/12. This money is being spent on energy saving initiatives which include replacement of oil fired boilers with gas condensing boilers and electrical power regulating units that will save around 7% per annum on our site wide electrical consumption. The payback period on these initiatives is around 3.5 years and repayment of the loan principal is funded from these savings. The College has a standing overdraft facility of £400k but at no time during the year did the College need to call upon this facility.

All creditor payments were met as they fell due.

**PUBLIC BENEFIT**

Writtle College is a Higher Education Institution and, therefore, an exempt charity under the terms of the Charities Act 2006. Our charitable objects are the provision of Higher and Further education and the carrying out of research. The recent 2010 Institutional Audit by the Quality Assurance Agency highlighted the success of Writtle College in connecting our teaching and research activities, identifying as a specific area of good practice 'the way in which the curriculum is designed, developed and delivered to take advantage of staff research and professional practice.'

The members of the Board of Governors, who include staff and student members, are the trustees of the charity, as such the Board of Governors has had due regard to the Charity Commission's guidance on the reporting of public benefit and particularly to its supplementary public benefit guidance on the advancement of education

**Vision and Mission**

Core aspects of how Writtle College provides public benefit are articulated in our strategic plan.

Our Strategic Vision Statement is that Writtle College will be "a distinctive place to study and to serve the environment through science and the arts", and our Mission Statement is "Transforming lives and the environment through inspiring education".

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**OPERATING AND FINANCIAL REVIEW (continued)**

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The College delivers its vision and mission through five objectives:

1. Students.

To provide an excellent learning experience for all our students, through engagement with well-informed teaching, delivered by experts, in a supportive and stimulating environment.

2. Research.

To ensure that our research makes a major contribution to the maintenance of an appropriate academic culture; enhances the ability of the College to engage with the industries it serves within the wider context of the natural environment and is inclusive of all members of our academic community who have the potential to make a relevant contribution. To be recognised for the excellence of our research in the land-based sector, as well as for a distinctive blend of science, arts, and business across our research portfolio.

3. Industry & Business.

To strengthen and grow our links with industry and business. To be known for our high quality and flexible delivery of quality knowledge transfer, research and consultancy.

4. Public Profile.

To enhance our networks and reputation globally, nationally, regionally and locally by proactively engaging with our audiences. To reflect our brand values, communicating the richness and diversity of the Writtle portfolio, and demonstrating the wealth of academic expertise, especially through dissemination of research and enterprise initiatives.

5. Financial & Human Resources.

Through careful planning and investment ensure activities carried out are financially sustainable. Recruit, retain and support employees so that they are engaged, they excel and are able to perform at their very best.

Education is one of the principal ways in which the College makes a significant contribution to society. We seek to develop rounded graduates who have the skills, integrity and commitment to make a positive impact on societies in which they live and work.

We build links with schools and colleges and other higher education institutes throughout the region to raise aspirations and attainment in schools, and to encourage participation in further and higher education.

Writtle College charges tuition fees for UK/EU students, for the academic year 2010/11 the standard fee for all full time undergraduate UK/EU students was £3,290. Most of these students were eligible for a student loan, which they will only have to pay back once they have graduated and are earning over £15,000 under the current rules.

**Public Benefit and the Higher Education Schools**

Students undertaking courses at Writtle College obtain a direct benefit from the education they receive and the enhanced careers which they subsequently pursue. A wider benefit is also afforded to society as they implement their specialist knowledge and graduate skills in the course of their careers. Core undergraduate modules such as 'Sector Studies' and 'Academic and Professional Development' are focused on developing University-level skills in the context of specific industry sectors. Many other modules address topics relevant to the development of an informed, active, and inquiring citizenry; including ethics, sustainability, and climate change. In addition to subject-specific expertise offered by Lecturers, the College provides a supportive environment in which those with a variety of learning styles, and those with a range of disabilities, can benefit from an education at Writtle.

In 2010 the QAA specifically praised the 'comprehensive student support system and the demonstrable commitment of staff to the support and enhancement of student learning'.

The School of Sport, Equine and Animal Science offers undergraduate, taught postgraduate and research degrees. Graduates go on to serve their professions in a range of roles that benefit society including *inter alia*; public health, food supply and production, animal welfare, and the recreation and leisure industries. Research in the school spans fields as diverse as conservation genetics, studies into dangerous dogs, ruminant nutrition, and fertility. The outcomes of this research are widely published and cited, making a significant contribution to the sum of scientific knowledge.

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**OPERATING AND FINANCIAL REVIEW (continued)**

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Numerous professional and charitable bodies sponsor prizes and awards for our students, an independent recognition of the value of our provision to their respective sectors. These include: Novus International, The Alice Noakes Charitable Trust, Wynne-Williams Associates, Strutt & Parker, The Essex Wildlife Trust, and the Worshipful Company of Farmers.

The School of Sustainable Environments offers programmes in Agriculture, Horticulture, Conservation, Business and Floristry. Across the school portfolio, and indeed across the provision of the College, issues of sustainability are key. Staff and students work on the problems of reconciling the need for greater arable and livestock production to meet a growing world population with the imperative to manage land sustainably for the benefit of future generations. Research within the School spans thermodynamic analyses of ecosystems – focusing on resilience to climate change – through to close collaboration with supermarkets and packaging companies in post-harvest technology; applying research to minimize food waste, transport costs, and carbon emissions.

Most of our courses are available flexibly – full and part time – in order to suit a wide range of potential applicants with different personal/family circumstances. The block-delivery pattern of our innovative MSc in Arable production, for example – scheduled to avoid the peak times of the farming year – has been notably successful in attracting working farmers to return to the University sector and up-skill.

Writtle School of Design comprises an interrelated programme of teaching and research in the fields of Landscape Architecture, Landscape and Garden Design, Interior Design and Architecture, and Art & Design. The School draws inspiration from society and the environment and, through its work and the contributions of its graduates, makes a vital repayment in return. Staff and students have participated in regional and national design projects, won prizes for their work, and enjoyed notable success in securing prestigious internships and employment. Its outreach arm CADE - the Centre for the Arts and Design in the Environment – delivers a range of community and regionally-based activities as well as enriching the undergraduate and postgraduate curriculum. These include: bespoke training and awareness sessions for Essex secondary school teachers, with presentations from our recent graduates; summer schools; and school visits.

Writtle College also hosts the annual Essex Schools Food and Farming day in which 3,000 primary school children visit the campus. College staff, local farmers, and other exhibitors offer these students insights into agriculture, food production and conservation, making use of the College estate and specialist resources to illuminate vital issues for a wider constituency of learners.

**Public Benefit and the Further Education Division**

The Further Education (FE) Division offers a range of programmes in land-based and associated subjects from level 1 to level 3 including apprenticeships, 14-16 schools work and full cost short courses which are often bespoke for employers. Provision is concentrated towards high quality level 3 offering progression opportunities into Higher Education.

The FE Division is organised into two faculties, the Faculty of Animal Management which offers programmes in animal management, dog grooming and horse management and the Faculty of Land-based which offers programmes in agriculture, art and design, countryside management, floristry, horticulture and sport.

Progression to an appropriate outcome (employment or progression into Further or Higher education) is good within the Division and much emphasis is placed on providing employability skills and supporting progression within education. For example the majority of full time learners undertake a work placement which forms part of their qualification and a number of 'real work environments' are effectively utilised to develop skills (Floristry Training Shop, Dog Grooming Parlour, Animal Unit, Equine Yard and Stud duties, Estate duties).

Alongside their main qualification, full time students work towards achieving Functional Skills in Maths and English, along with a range of additional learning goals aimed at providing life skills and improving progression and employment potential. Examples of additional learning goals undertaken include Certificates of Competence (tractor driving, pesticide application, forklift truck), fitness instructing, photography, sexual health, enterprise skills and coaching.

Good use of AimHigher initiatives has been made to support learner progression through development of staff and learner skills with HE taster days, study skills sessions, inspirational talks, a reward trip for learners performing particularly well and staff development on behaviour management taking place.



## OPERATING AND FINANCIAL REVIEW (continued)

A key aim of the Division is to meet the 'Every Learner Matters' outcomes of enjoying and achieving, being healthy, staying safe, achieving economic wellbeing and making a positive contribution. A range of enrichment activities provide opportunities for achievement of these outcomes, for example:

- Learners across the Division participating in the Essex 'Road Runners' event held at the College which focuses on promoting safe driving, drug awareness and the dangers of drink driving
- Encouragement of physical activity such as participation in nature walks and the undertaking of yard and estate duties plus individual and team sports as part of the curriculum
- Promotion of healthy eating through horticulture students growing their own vegetables
- Study tours which provide opportunities to undertake new experiences alongside meeting curriculum objectives.
- Participation in an LSIS funded projects related to Sustainability and Enterprise with two neighbouring land-based Colleges leading to embedding of these subjects into the curriculum
- Promotion of volunteering: for example animal studies learners encouraged to help in primary schools, visiting the elderly and supporting the 'Vets and Wildlife' volunteer scheme; Sports students work with local schools to provide coaching assistance
- Working with local organisations and facilities for example countryside learners undertake work at Tilbury Power Station, Norsey Woods and Danbury Country Park as part of their curriculum. Examples of work done includes renovating and installing bridges and maintenance of paths and hedges. Horticulture learners undertake a residential study trip to Holkham Hall where they have assisted in restoring the kitchen gardens. Floristry students provide floral displays for Harvest Festival at the local parish church. Animal Studies learners assisted in the training of sniffer dogs for the local V Festival.
- Learners are able to display their work with some participating in local and national competitions. For example Art and design students hold a Writtle College Art Exhibition which is open to friends, families and the public. Floristry learners participated in producing a display for the Hampton Court Palace Flower Show and Horticulture learners received third place in the Ideal Home Exhibition's 'Ideal Young Gardeners of the Year'.

The Division has worked hard to develop a number of collaborations and partnerships with stakeholders which enhance quality, efficiency, develop communication and planning. Examples of these collaborations and partnerships include:

- Schools – opportunities for 14-16 learners to undertake vocational programmes, taster days, special schools work, enhanced curriculum sessions
- Colleges – collaborative funded projects, peer review, lesson observation moderation, sharing good practice, shared CPD
- Sub-contracted provision – APEX at Harlow College for apprenticeship delivery, Havering College for apprenticeship and adult learner responsive delivery
- Collaborations – FEDEC (Federation of Essex Colleges), Landex (Excellence in Land-based Colleges), Food and Farming with Essex Agricultural Society and Essex County Council
- Employers – provide guest speakers, host visits and work placements. The College provides training in the form of apprenticeships, short and bespoke courses.
- Local businesses – Delivery of provision e.g. Barleylands, Marsh Farm for delivery of 14-16 vocational provision

### Trustees

No members of the Board receive any payment for the work they do as Governors or Trustees, but expenses for travelling and subsistence are reimbursed. For the academic year 2010/11, a total amount of £2,301 was paid in respect of claims made by 5 Governors. Members of staff serving on the Board receive no supplementary payment for trusteeship.

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**OPERATING AND FINANCIAL REVIEW (continued)**

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**Strategic Vision – 2009 -2013**

Writtle College will be: A distinctive place to study and to serve the environment through science and the arts.

**Details of the Vision:**

1. Building upon our strengths as a specialist and distinctive provider in the area of environmental education. There will be a renewed portfolio of Further Education and Higher Education courses that meets our mission. We will engage in outreach activity to meet the Government's skills and employer engagement agendas
2. Ensuring there is a sound financial base to allow the freedom to invest and to innovate
3. Developing our links with the University of Essex, our partner institution
4. Focussing on the progression of students from Further Education (FE) to Higher Education (HE) and from undergraduate to postgraduate study
5. Fulfilling our economic, environmental, social and cultural responsibilities both in the College and in the community
6. Securing our position as a sustainable HE institution

**HIGHER EDUCATION****Student Numbers**

In 2010/11 the College had 1,177 Higher Education enrolments, totalling 994 Full Time Equivalents (FTE). Of these, 106 FTE were International students (i.e. not from the UK or EU). 101 FTE studied taught postgraduate programmes (PGT). 23 FTE were enrolled on postgraduate research programmes (PGR). The majority - 870 FTE - were enrolled on undergraduate programmes, principally BSc and BA awards, but also Foundation degrees and Higher certificates. Our intake of home-region, full-time new starters were restricted because of HEFCE student number control.

Direct HEFCE funding associated with teaching for 2010/11 totalled £4,559k. Total fee income was £3,263k - of which £709k was international fees.

The College also received £268k from Essex University for its PGT and PGR students which are 'returned' to HEFCE as part of the University's funding claim.

**Student Achievement**

Writtle students continue to perform well. For the academic year 2010/11 they achieved as follows;

- 85 Taught postgraduate awards.
- 159 Bachelors degrees.
- 58 Foundation degrees.
- 27 Higher certificates.
- 4 Diplomas of Higher Education.
- 13 Certificates of Higher Education.

Non-completion of modules averaged 12%.

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**OPERATING AND FINANCIAL REVIEW (continued)**

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**Curriculum Developments**

Curriculum changes arising from the 2008 curriculum re-design has now been fully introduced, resulting in a more focused suite of courses and modules. As in previous years, the College worked closely with the University of Essex, our validating partner, to achieve our annual cycle of periodic reviews of existing programmes, validations of new offerings, and the events and procedures that comprise our Quality Assurance and Enhancement regime. External examiners' reports attest to the currency and rigour of our courses, the maintenance of academic standards, the soundness of learning opportunities, and the suitability of our specialist resources.

**FURTHER EDUCATION****Learner Numbers**

During the 2010/11 academic year the FE Division delivered a range of programmes funded from the Skills Funding Agency and Young People's Learning Agency. These included Learner Responsive, Adult Responsive, direct Employer Responsive and Work-based Learning (via the APEX Consortium) funding routes totalling a core allocation of £4,702k (2009/10 = £4,728k). This represented 1,064 funded and 1,386 commercially funded learners.

The FE Division subcontracted approximately £18k of adult learner responsive and £20k of employer responsive provision from Havering College, a partnership which has successfully developed over the 2010/11 academic year. Approximately £40k of schools 14-16 provision was delivered at out centres including Barleylands, Marsh Farm and Maldon Promenade.

**Learner achievements**

2010/11 was a positive year for the FE Division. Whilst it is too early to accurately predict the success rates for 2010/11 there is every indication that they will once again improve for "Writtle only" students from 80% in 2009/10 to 83% in 2010/11.

It should be noted that there is a final cohort of 15 Service Engineering learners due to complete in 2010/11 who were transferred to another provider and withdrawn from the Writtle ILR following the business decision to close the department in 2009. This will have an impact on the published Qualification Success Rates for the College.

**Curriculum developments**

The FE Division primarily serves the needs of the Land-based sector within Essex and the wider community with a range of programmes from Level 1 to Level 3. The FE provision is designed to not only give learners the skills they need within their chosen industry, but to allow them to feed into suitable Higher Education programs. To this end, by far the highest volume of learners at Writtle are studying 2 year programmes at Level 3. The progression work towards HE has been further supported by an active Aim Higher programme.

During 2010/11 a Course Portfolio Review was undertaken which refreshed the course offering, and refocused it to student profiles within subject areas. This review saw the further embedding of a variety of Level 1 and Level 2 courses which will allow lower level learners to smoothly progress to higher level courses, and the refreshment of core Land-based subject areas including Horticulture, Countryside Management and Agriculture. The planned re-focussing of some Level 3 Sport provision to Outdoor Education routes was effectively undertaken with a full cohort recruited for 2010/11 and increased interest for 2011/12 entry.

The range of already high quality specialist resources have been added to during the year, with further developments taking place for implementation in 2011/12. For example the equine resources developed during 2009/10 were fully utilised (indoor school, therapy barn) and the Pig Unit at Sturgeons Farm was fully implemented. During the year, the Countryside Skills Centre was refurbished to provide a new Animal Studies Unit for use from September 2011/12 and capital funds were made available for the development of a cycle track for the Sports Department.

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**OPERATING AND FINANCIAL REVIEW (continued)**

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In 2010/11, two Learning Skills Improvement Service (LSIS) projects covering Enterprise in the Curriculum and Sustainability were successfully implemented in collaboration with neighbouring Land based Providers which has led to the embedding of these topics within the curriculum across the Division.

In this year 2 LSIS projects covering Enterprise in the Curriculum and Sustainability were also started in collaboration with neighbouring Landbased Providers.

**FINANCIAL POSITION****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 a separate treasury management policy in place.

**Post-balance sheet events**

There are no known Post-balance sheet events to report.

**Going Concern**

As already indicated Writtle College saw a considerable financial improvement in 2010/11. The College is reporting a Historic Cost operating surplus (i.e. excluding profit on disposal of assets but including £282k of FRS17 pension costs) of £621k. This compares to a deficit for the previous year of £(1215)k. The College is also budgeting for a Historic Cost surplus in 2011/12 albeit at a more modest £152k (including assumed cost for FRS17 of £360k), with a net cash inflow of £432k.

The reduction in budgeted surplus for 2011/12 against that reported for 2010/11 does not reflect an erosion of the efficiency gains achieved following the Strategic Options Review (SOR) but reflects the implementation of funding cuts in advance of the introduction of the higher fees structure for Higher Education in 2012.

The College had always recognised that 2011/12 was going to be a difficult year financially as, along with other HEI's we saw the continuation of reductions in educational funding income without the benefit of higher HE tuition fee income which does not take effect until 2012/13.

In preparation for 2011/12 the College has continued to review both its pay and non-pay costs and its non-regulated income streams.

With a net cash inflow of £1,400k in 2010/11 some £1,026k higher than forecast the College had better than anticipated opening cash balances.

The College is therefore well placed to not only meet its operating financial obligations as they fall due but is also in a position to sustain its capital investment plans as detailed in its Estate Strategy.

Management Accounts for the first quarter of 2011/12 show the College is currently performing above budget and is on track to achieve both its operating surplus and net cash inflow.

Higher Education Under Graduate student recruitment for the 2011/12 academic year has been strong at the same time as the College has increased its tariff entry points, meeting its student number control (SNC) target for 2011 new starts.

The Colleges longer term financial forecasts which currently run until 2013/14 indicates continued financial sustainability with improving surpluses and positive cash flow while at the same time continuing to meet College infrastructure and facility investment plans.

The student number forecasts reflect anticipated reductions in SNC with effect from 2012/13 as outlined in the White Paper published in July 2011. The College has carried out scenario modelling in relation to student number and fees.

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**OPERATING AND FINANCIAL REVIEW (continued)**

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As at 31/10/2011 Higher Education Under Graduate recruitment for 2012/13 for Writtle College is currently running at marginally ahead of the same time last year which would appear to be against the national and sector trends. However it needs to be recognised that we are still at an early stage of the 2012/13 recruitment cycle.

**RESOURCES:**

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

Tangible resources include the main college campus which covers some 550 acres, encompassing 31,000m<sup>2</sup> of floor space to deliver and support its academic provision. In addition the College has 400 bed student residences on campus as well as a number of residential properties.

**Financial**

The College has a Balance Sheet value of £14.7 million of net assets (excluding £7.3 million pension liability) and long term debt of £4.4 million.

**People**

The College employs 298 people (expressed as full time equivalents), of who 181 are Academic or Academic Support staff.

**Principal Risks & Uncertainties**

The Higher Education landscape continues to change rapidly. The College will need to respond to the White Paper on Higher Education fees and funding published in July 2011. The College will also need to take into account core and margin funding and issues around AAB. The financial forecasts show increasing surpluses and positive cash flow and include assumed SNC reduction from 2012/13 as proposed in the White Paper.

It is important that the College generates sufficient cash to implement its Estate Strategy. The College plans to dispose of non-core assets to supplement operating cash generated from operating activities in order to achieve forecast infrastructure and equipment investment.

The College has a record of effective non pay cost control and the implementation of the SOR at the end of the 2009/10 financial year has shown considerable improvement in its payroll costs. These improvements need to be maintained.

Effective marketing of the College and its courses is key to achieving SNC targets from 2012/13 when the new higher fee structure takes effect for new starts. Once recruited, students need to be retained and the incremental increase in the tariff entry points over recent years required by the College has provided material improvements in retention rates.

Teaching quality in both FE and HE needs to be maintained and achieving good students satisfaction becomes even more critical particularly with the increase in HE tuition fees from 2012/13.

**Monitoring KPIs**

Following completion of the SOR a set of KPIs was agreed with HEFCE against which the College will report monthly. The KPIs will allow the College and HEFCE to closely monitor the implementation of the SOR and progress against the financial forecasts. Early indication of adverse variances will allow the College to take prompt remedial action as necessary.

**Estate Strategy**

The College provided a revised Estate Strategy to HEFCE at the end of September 2011. The College believes the strategy clearly demonstrates its estate developing over the next 10 years and how it intends to fund those developments.

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**OPERATING AND FINANCIAL REVIEW (continued)**

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**STAKEHOLDER RELATIONSHIPS**

In line with other Universities and Colleges, Writtle College has many stakeholders. These include:

- Students;
- Funding Councils;
- Staff;
- Local employers (with specific links);
- Local Authorities;
- Government Offices/ Regional Development Agencies;
- The local community;
- Other HE and FE institutions;
- Trade unions;
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through the College Internet site and by meetings.

**Equal opportunities and employment of disabled persons**

Writtle College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage.

**The College's Equal Opportunities Policy**

The College considers all applications 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 aims enshrined in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001 and 2005.

Published on the College website [www.writtle.ac.uk](http://www.writtle.ac.uk) is the College's Single Equality Scheme where the Disability Equality Scheme and associated action plan can be found (Appendix C to the Single Equality Scheme).

The College works hard to ensure that disabled people are involved in all aspects of the College's work and life.

In 2010/11 the Student Union raised funds for the J's Hospice and YMCA. There have been collections and/or raffles for Farleigh Hospice, Breast Cancer Pink day and Royal British Legion.

The Equality and Diversity Group includes several disabled members and the Student Union representative is in close contact with disabled students.

The Marketing Department proactively engages with willing participants to promote their student experience, as appropriate, in order to encourage students with similar disabilities to join the student community.

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**OPERATING AND FINANCIAL REVIEW (continued)**

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Counselling and welfare services are described in the College Student Handbook, which is issued to new (and prospective) students together with the Complaints and Disciplinary Procedure leaflets during their induction.

The College's Learner Services department seeks to promote the general well-being of students, parents and staff by providing practical help and guidance and by ensuring they have access to a full range of support services which include:

- Identifying, co-ordinating and providing study support for students with learning difficulties such as dyslexia
- Co-ordinating and providing support for students with disabilities
- Providing staff and students with the necessary information and skills to ensure they foster full engagement with the curriculum
- Providing a confidential counselling service

We also endeavour to provide specialist equipment, such as radio aids/loops, which the College can make available for use by students, staff or visitors. Some assistive technology is made available to those with learning difficulties/disabilities.

The admissions policy is non-discriminatory. Any appeals against a decision not to offer a place are dealt with through a complaints procedure.

**CATERING AND RESIDENCES**

The financial objective of the student catering and residence operations at Writtle is to make an operating surplus, after allowing for loan interest in respect of the building costs associated with the new Halls of Residence. The net surplus for the year (allowing for interest payments but excluding depreciation) was £429k. This compares with £181k for the previous year.

**STAFFING COSTS**

The overall employee expenditure expressed as a percentage of the total College expenditure was 61.7%. In the previous year the percentage was 64.4%. This reduction is as a result of the implementation of the SOR in the latter part of 2009/10 with the full year benefit realised during 2010/11.

**PAYMENT OF CREDITORS**

It is the policy of the College to obtain the best terms for all purchases and thus, there is no single policy as to the terms used. In agreements negotiated with suppliers, the College endeavours to include and abide by specific terms of payment.

**HEALTH AND SAFETY**

The College's working procedures and practices have been progressively developed since the Health and Safety at Work Act 1974 and the provisions in the legislation now permeate all aspects of the College's activities.

The College has a full-time Health & Safety Officer to oversee and advise on all matters relating to Health and Safety across all of the College's various activities.

**STAFF AND STUDENT INVOLVEMENTS**

The College considers good communication with its staff and students to be paramount and to this end constantly reviews its communications processes.

The College encourages staff and student involvement in academic and College management through membership of a range of committees.

**OPERATING AND FINANCIAL REVIEW (continued)**

The Principal has held a number of staff meetings through the year to inform staff of the developments within the institution. A weekly News and Events sheet is also published both electronically and in hard copy.

The College has issued a College Charter for students which covers all services provided under the College's control. The Charter is designed to make it clear what we aim to provide, and what we expect in return, so that together we may achieve our aim of providing quality courses and services.

In order to develop staff across the entire College we have a staff review process. This process has been recently revised to improve staff performance and to provide staff development.

**PROFESSIONAL ADVISERS**


External Auditors: KPMG LLP, One Snow Hill, Snowhill Queensway, Birmingham B4 6GH  
Bankers: Barclays Bank plc, 2 High Street, Chelmsford, Essex, CMI IDS  
Internal Auditors: Scrutton Bland, 17-19 Museum Street, Ipswich, Suffolk, IPI IHE  
Solicitors: Birkett Long, Essex House, 42 Crouch Street, Colchester, Essex, CO3 3HH  
College address: Lordship Road, Writtle, Chelmsford, Essex, CMI 3RR  
Copies of the financial statements can be obtained from the College's address above.

**CONCLUSION**

The College has again been well served during the year by its Governors and staff and well supported by its students. Relationships with our external partners continue to strengthen.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

The members of the Board of Governors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the members of the Board of Governors have confirmed that they have taken all the steps that they ought to have taken in order to make themselves aware of any relevant information and to establish that it has been communicated to the auditor.



Ms L-L Olsen  
Chair of the Board of Governors

Date 25 November 2011



**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL**

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the UK Corporate Governance Code issued in June 2010. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

Throughout the year ended 31 July 2011, the College has been in compliance with all the provisions set out in the UK Corporate Governance Code insofar as they relate to the HE Sector. The College also complies with the Guide for Members of Governing Bodies of Universities and Colleges in England and Wales that was issued by the Committee of University Chairmen in 2004, updated in 2009.

**Members of the Board of Governors**

The members who served on the Governing Body during the year and up to the date of signing these accounts (who are also trustees of the exempt charity) are listed below;

	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served
Mr B Arney	21 Nov 2008	4 years	25 Oct 2010	Independent member	Personnel and Remuneration
Ms S Brazier	28 Mar 2008	4 years		Co-opted member	Audit, Chair Business Development Group
Prof D Butcher	01 Oct 2006			Principal	F&GP, Personnel and Remuneration, Search and Governance.
Mr T Cole	21 Jan 2010	3 years		Teaching staff member	Further Education
Mr J Collins	27 Mar 2009	4 years	16 Sept 2010	Co-opted member	Audit
Mr P Downer	28 Mar 2008	4 years		Co-opted member	Further Education, Business Development Group
Mr R Gochin	28 Mar 2008	4 years		Independent member	Chair Further Education
Mr P Illman	1 July 2011	1 year		Student member	
Ms S Ireland	21 Nov 2006	4 years	20 Nov 2010	Independent member	Chair Personnel and Remuneration
Ms J Izekeor	16 July 2010	4 years		Independent member	Personnel and Remuneration
Mr S James	26 June 2009	4 years		Independent member	F&GP
Ms P Judd	21 Oct 2011	4 years		Independent member	Chair of Audit
Mrs J Logie	25 Mar 2011	4 years		Independent member	Further Education
Mr G Markham	05 Oct 2007	4 years	04 Oct 2011	Co-opted member	Chair Audit
Mr J McLarty	15 July 2011	4 years		Independent member	
Mrs J Mildenhall	29 August 2009	3 years		Support staff member	
Dr D Mitchell	18 July 2008	4 years		Independent member	
Mr C Newenham	27 Mar 2009	4 years		Independent member	College Farm Group, F&GP.
Ms L-L Olsen	10 May 2010	3 years		Independent member	Chair of Governors, F&GP, Personnel and Remuneration, Chair Search and Governance, Business Development Group.
Mrs R Padfield	13 Oct 2008	4 years		Independent member	Personnel and Remuneration, College Farm Group
Mr A Peck	21 Nov 2008	4 years		Independent member	Search and Governance, F&GP, Business Development Group
Prof H Pritchard	28 Mar 2008	4 years		Independent member	Personnel and Remuneration, College Farm Group
Mrs J Smith	16 July 2010	4 years		Independent member	Further Education, Search and Governance
Prof N South	05 Oct 2007	Head of Essex Rolling Appointment		Co-opted member	
Mr P Van Damme	16 July 2010	4 years		Independent member	Personnel and Remuneration
Mrs P Wallace	12 Dec 2009	3 years		Teaching staff member	
Mr R Woolley	19 Jan 2009	4 years		Co-opted member	Vice Chair of Governors, Chair F&GP, Search and Governance
Mr V Yong	01 July 2010	1 year	30 June 2011	Student member	

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

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### Summary of the College's Structure of Corporate Governance

On 1 October 1994, the College transferred from the Further Education sector to the Higher Education sector upon the authority of the Secretary of State for Education and by order of the Privy Council under Section 12A (3) and (4) of the Education Act, 1988. The Board of Governors was reconstituted from the date of transfer and comprises lay and academic persons appointed under the Instrument of Government of the College, the majority of whom are non-executive. The roles of Chairman and Vice-Chairman of the Governing Body are separated from the role of the College's Chief Executive, the Principal. The responsibilities of the Governing Body are set out in the Articles of Government of the College and operational controls are laid down in the Financial Memorandum issued by the Higher Education Funding Council for England. The Governing Body is responsible for:

- the determination of the educational character and mission of the College and for oversight of its activities;
- the effective and efficient use of resources, the solvency of the College and for safeguarding their assets;
- approving annual estimates of income and expenditure;
- the appointment, grading, suspension, dismissal and determination of the pay and conditions of service of the holders of senior posts; and
- setting a framework for the pay and conditions of service of all other staff.

The Governing Body meets at least four times a year and has the following sub-committees: Finance and General Purposes Committee; Audit Committee; Personnel and Remuneration Committee; Further Education Committee; Search and Governance Committee; College Farm Group and Business Development Group.

All these Committees are formally constituted with terms of reference and comprise mainly of independent members of the Governing Body, one of whom is in the Chair. The Audit Committee is strengthened by a qualified accountant.

The Finance and General Purposes Committee inter-alia recommends to the Governing Body the College's annual revenue and capital budgets and monitors performance in relation to the approved budgets. The Committee met five times this year.

The Personnel and Remuneration Committee advises the Governing Body on personnel issues and determines the annual remuneration of senior staff including the Principal. This Committee met four times this year.

The College Farm Group through the Finance and General Purposes Committee advise the Governing Body on all matters concerning the management and resourcing of the College estate. This Committee met eight times this year.

The Audit Committee reviews the findings of the External Auditors and meets with them at least twice a year. The Committee meets at least three times each year with the Internal Auditors, to consider detailed internal audit reports and recommendations for the improvement of the College's systems of internal control, together with the College management's response and implementation plans. The Audit Committee receives and considers reports from the Higher Education Funding Council for England as they affect the College's business and monitors adherence with the regulatory requirements. It reviews inter-alia the College's annual financial statements, together with the accounting policies and considers and advises the Governing Body on external audit reports and management letters. In addition the Audit Committee has monitored the work done by the external and internal auditors and considers that they carry out their activities in an efficient and cost effective way.

Senior staff of the College attend the Committees as appropriate.

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (continued)

The Business Development Group through the Finance and General Purposes Committee advise the Governing Body on strategic matters related to business development. In particular, the strategy and priorities relating to raising awareness of the third stream agenda, promoting the development of links to industry for research and commercial gain, enhancing the effectiveness of business development initiatives, and raising the external profile of the College and its areas of expertise.

### Board of Governors self assessment

A Self assessment review by the Board of Governors was carried out during 2010/11. Questionnaires were circulated to all governors seeking assessment of the performance of the Board, assessment of the governor's own individual performance, and assessment of committee performance. The responses were collated and analysed by the Clerk, and reported to each committee and the Board of Governors during the year. The final outcomes of the self assessment were debated at Governor Development Day on 10 December 2010, and amendments were made to the terms of reference of each committee as appropriate.

### Performance against KPIs

Following the Strategic Options Review which was completed and agreed in July 2010, key performance indicators were agreed with HEFCE for monitoring the College's progress towards sustainability. These KPIs are reported monthly (on the 10th of each month), termly and annually to HEFCE and the Board of Governors.

From September 2010, the Monitoring Group which consists of the Chair and Vice Chair of Governors, who is also chair of the F&GP committee, the Principal and another member of the F&GP committee, together with the Director of Finance and Operations has met monthly to monitor progress against each individual target, and to consider explanations on adverse variances.

The indicators agreed are: cash flow from operating activities as % of total income (monthly); liquidity days (monthly); operating surplus as % of total income (monthly); historical cost surplus as % of total income (monthly); discretionary reserves as % of total income (monthly); staff costs as % of total income (monthly); HE student numbers relative to cap (termly); total student numbers including against overseas target (termly); NSS score (annually); third stream income per staff FTE in both FE and HE (monthly); and cash flow from FE operating activities as % of total FE income (monthly).

All Key Performance Indicators are on schedule or better than target, with the exception of third stream income, which has an adverse variance for the year.

Full Minutes of meetings, except those deemed to be confidential by the Governors, are available from the Clerk to the Governors at: Writtle College, Lordships Road, Chelmsford, Essex, CM1 3RR.

## **Internal Control**

As the Governing Body of Writtle College, we have responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which we are responsible, in accordance with the responsibilities assigned to the governing body in the Instruments and Articles of Government and the Financial Memorandum with the HEFCE.

The system of internal control is designed to manage rather than eliminate the 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 the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 31 July 2011 and up to the date of approval of the financial statements, and accords with HEFCE guidance.

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**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL**  
**(continued)**

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As the Governing Body, we have responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established:

- a. We meet termly to consider the plans and strategic direction of the institution.
- b. We receive periodic reports concerning internal control, and we require regular reports from managers on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects.
- c. We have requested the audit committee to provide oversight of risk management.
- d. The audit committee receives regular reports from the internal audit providers, which include the internal auditor's independent opinion on the adequacy and effectiveness of the institution's system of internal control, together with recommendations for improvement.
- e. An internal system of review is in place to keep up to date the record of risks facing the organisation.
- f. A programme of risk awareness training is under way.
- g. A system of key performance and risk indicators is being developed.
- h. A robust risk prioritisation methodology based on risk ranking and cost-benefit analysis has been established.
- i. An organisation-wide risk register is now maintained.
- j. Reports are received by budget holders, department heads and project managers on internal control activities.

The current risk matrix has been reported to each Audit Committee meeting. It identifies the principal top 20 risks to the achievement of College policies, aims and objectives as decided by the SMT. Each risk has been assigned to a relevant SMT member and the matrix has been updated with changes and actions taken to manage each risk. Major risks have been promoted to the matrix and managed/low risks have been removed.

An annual risk management report was produced by Senior Management Team (SMT). The Audit Committee considered it in its annual report to the Board of Governors.

The proposed Risk Management Group will report to SMT. The group will be comprised of senior managers from key areas of the College and manage the development of risk management, risk assessment and risk reporting on behalf of the SMT. A programme of facilitated workshops will be held to progress risk awareness training.

Staff are expected to report risk issues to their line managers, who are expected to report risk issues arising at quarterly review meetings (QBRs). Those issues are reported to the SMT (and in future) the Risk Management Group. Risks have also been identified via feedback from budget holders at QBRs and department heads reporting to SMT members directly on emerging risks.

Our review of the effectiveness of the system of internal control is informed by internal audit, which operates to standards defined in the HEFCE Audit Code of Practice and which was last reviewed for effectiveness in August 2008. The internal audit providers submit regular reports which include their independent opinion on the adequacy and effectiveness of the institution's system of internal control, with recommendations for improvement.

Our review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the institution, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL**  
(continued)**Going concern**

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

Signed on behalf of the Board of Governors



Ms L-L Olsen  
Chair of the Board of Governors

Date: 25 November 2011

D P Butcher  
Principal



Date: 25/11/11

## STATEMENT OF THE RESPONSIBILITIES OF THE MEMBERS OF THE GOVERNING BODY

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In accordance with the College's Instruments and Articles of Government, the Governing Body is responsible for the administration and management of the College's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

The Governing Body 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 Instruments and Articles of Government, the Statement of Recommended Practice on Accounting in Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England and the College's Governing Body, the Governing Body, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Governing Body has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Institution will continue in operation. The Governing Body is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Governing Body has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the College and prevent and detect fraud;
- secure the economical, efficient and effective management of the College's resources and expenditure.

The key elements of the College's system of internal financial control, which is delegated to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of, and the authority delegated to, senior members of the College staff;
- planning processes supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- monthly reviews of financial results involving variance reporting and updating of forecast outcomes;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and the Governing Body;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Governing Body;

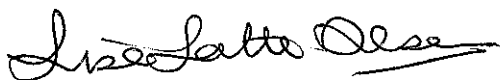
**STATEMENT OF THE RESPONSIBILITIES OF THE MEMBERS OF THE GOVERNING BODY (continued)**

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- appointment of professional internal auditors whose annual programme is determined by the Audit Committee and approved by the Governing Body.

The Audit Committee, on behalf of the Governing Body, continually reviews the effectiveness of aspects of the College's system of internal control. Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material mis-statement or loss.

Signed on behalf of the Board of Governors



Ms L-L Olsen  
Chair of Board of Governors

Date 28th November 2011

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**REPORT OF THE INDEPENDENT AUDITORS TO THE GOVERNING BODY OF WRITTLE COLLEGE**

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We have audited the Group and College financial statements (the "financial statements") of Writtle College for the year ended 31st July 2011 which comprise the Group Income and Expenditure Account, the Group and College Balance Sheets, the Group Cash Flow Statement, the Statement of Group Total Recognised Gains and Losses, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Governing Body, in accordance with paragraph 13(2) of the College's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Governing Body those matters we are required to state to it in an auditor's 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 Governing Body for our audit work, for this report, or for the opinions we have formed. Respective responsibilities of the Governing Body and auditor.

As explained more fully in the Statement of the Responsibilities of the members of the Governing Body set out on page 13 the Governing Body is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governing Body; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and College as at 31<sup>st</sup> July 2011 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

**Opinion on other matters prescribed in the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992**

In our opinion, in all material respects:

- funds from whatever source administered by the College for specific purposes have been properly applied to those purposes
- income has been applied in accordance with the College's Articles of Government and
- funds provided by HEFCE have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.



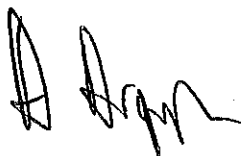
**REPORT OF THE INDEPENDENT AUDITORS TO THE GOVERNING BODY OF WRITTLE COLLEGE (continued)****Matters on which we are required to report by exception**

We have nothing to report in respect of the following matter where the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 requires us to report to you if, in our opinion:

- the statement of internal control (included as part of the Corporate Governance Statement) is inconsistent with our knowledge of the College and Group.

**Notes**

- (a) The maintenance and integrity of the Writtle College website is the responsibility of the Governing Body; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**A Argyle*****For and on behalf of KPMG LLP, Statutory Auditor***

Chartered Accountants  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

25 November 2011

**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**

	Notes	2011 £000	2010 £000
<b>INCOME CONTINUING OPERATIONS</b>			
Funding Council Income	2	9,362	9,280
Academic Fees and Support Grants	3	4,384	3,884
Research Grants and Contracts	4	13	4
Other Operating Income	5	3,508	3,608
Interest Receivable	6	<u>3</u>	<u>2</u>
<b>TOTAL INCOME</b>		<b><u>17,270</u></b>	<b><u>16,778</u></b>
<b>EXPENDITURE CONTINUING OPERATIONS</b>			
Staff costs	8	10,372	11,418
Exceptional Restructuring costs	8	10	311
Other operating expenses	10	4,925	4,699
Amortisation/depreciation	14	965	1,032
Interest payable	11	<u>563</u>	<u>735</u>
<b>TOTAL EXPENDITURE</b>		<b><u>16,835</u></b>	<b><u>18,195</u></b>
<b>Surplus/ (Deficit) on continuing operations after depreciation of assets at valuation and before tax</b>		<b>435</b>	<b>(1,417)</b>
Profit on disposal of fixed assets	7	675	60
Disposal of activities at Shuttleworth	7	<u>-</u>	<u>895</u>
<b>Surplus/ (Deficit) on continuing operations after depreciation of assets at valuation and disposal of assets but before tax</b>		<b>1,110</b>	<b>(462)</b>
Taxation	12	<u>-</u>	<u>-</u>
<b>Surplus/ (Deficit) for the year retained with general reserves</b>	<b>13</b>	<b><u>1,110</u></b>	<b><u>(462)</u></b>

The income and expenditure account for 2010 and 2011 is in respect of continuing activities.

**CONSOLIDATED STATEMENT OF HISTORICAL COST SURPLUS/(DEFICIT)**

	Notes	2011 £000	2010 £000
Surplus/ (Deficit) on continuing operations before tax		1,110	(462)
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	26	186	202
Realisation of property valuation gains of prior years	26	<u>155</u>	<u>-</u>
<b>Historical cost surplus/ (deficit) after tax</b>		<b><u>1,451</u></b>	<b><u>(260)</u></b>

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	Notes	2011 £000	2010 £000
Surplus/ (Deficit) on continuing operations after depreciation of assets at valuation and tax		1,110	(462)
Net surplus on movements in endowments	24	-	-
Actuarial (loss)/ gain in respect of pension scheme	35	<u>(245)</u>	<u>962</u>
<b>Total recognised gains relating to the period</b>		<b><u>865</u></b>	<b><u>500</u></b>

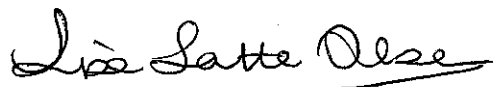
**BALANCE SHEETS AS AT 31 JULY**

	Notes	Consolidated 2011 £000	College 2011 £000	Consolidated 2010 £000	College 2010 £000
<b>Fixed assets</b>					
Tangible assets	14	<u>18,208</u>	<u>18,208</u>	<u>18,022</u>	<u>18,022</u>
<b>Total fixed assets</b>		<u>18,208</u>	<u>18,208</u>	<u>18,022</u>	<u>18,022</u>
<b>Endowment asset investments</b>	16	4	4	4	4
<b>Current assets</b>					
Stock	17	164	164	160	160
Debtors (including £100,000 – 2010, £300,000 due after more than one year)	18	861	861	1,258	1,258
Cash at bank and in hand		<u>2,430</u>	<u>2,430</u>	<u>1,036</u>	<u>1,036</u>
<b>Total current assets</b>		<b>3,455</b>	<b>3,455</b>	<b>2,454</b>	<b>2,454</b>
<b>Less: Creditors - amounts falling due within one year</b>	19	<u>(2,559)</u>	<u>(2,559)</u>	<u>(2,253)</u>	<u>(2,253)</u>
<b>Net current assets</b>		<u>896</u>	<u>896</u>	<u>201</u>	<u>201</u>
<b>Total assets less current liabilities</b>		<b>19,108</b>	<b>19,108</b>	<b>18,227</b>	<b>18,227</b>
Less: Creditors: amounts falling due after more than one year	20	(4,459)	(4,459)	(4,686)	(4,686)
Less: Provisions for liabilities	22	<u>(10)</u>	<u>(10)</u>	<u>(25)</u>	<u>(25)</u>
<b>Net assets excluding pension liability</b>		<b>14,639</b>	<b>14,639</b>	<b>13,516</b>	<b>13,516</b>
Net pension liability	35	<u>(7,331)</u>	<u>(7,331)</u>	<u>(6,804)</u>	<u>(6,804)</u>
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<u><b>7,308</b></u>	<u><b>7,308</b></u>	<u><b>6,712</b></u>	<u><b>6,712</b></u>

**BALANCE SHEETS AS AT 31 JULY**

	Notes	Consolidated 2011 £000	College 2011 £000	Consolidated 2010 £000	College 2010 £000
Deferred capital grants	23	4,077	4,077	4,346	4,346
Restricted Expendable Endowments	24	4	4	4	4
Income and expenditure account excluding pension reserve	26	4,220	4,220	2,487	2,487
Pension reserve	35	(7,331)	(7,331)	(6,804)	(6,804)
Income and expenditure account including pension reserve		(3,111)	(3,111)	(4,317)	(4,317)
Revaluation reserve	25	6,338	6,338	6,679	6,679
<b>Total reserves</b>		<b>3,227</b>	<b>3,227</b>	<b>2,362</b>	<b>2,362</b>
<b>TOTAL</b>		<b>7,308</b>	<b>7,308</b>	<b>6,712</b>	<b>6,712</b>

The financial statements on pages 22 to 51 were approved and authorised for issue by the Governing Body on 25<sup>th</sup> November 2011 and were signed on its behalf on that date by:



Ms L-L Olsen  
Chair of Board of Governors



D P Butcher  
Principal

25/11/11

25 November 2011

**CONSOLIDATED CASH FLOW STATEMENT**

	Notes	2011 £000	2010 £000
<b>Cash inflow from operating activities</b>	30	2,106	232
Returns on investments and servicing of finance	31	(308)	(275)
Capital expenditure and financial investment	32	(233)	105
Cash inflow before management of liquid resources and financing		1,565	62
Financing	33	(165)	(160)
<b>Increase/ (Decrease) in Cash</b>		<b><u>1,400</u></b>	<b><u>(98)</u></b>
<b>Reconciliation of net cash flow to movement in net debt (see note 34)</b>			
Increase/ (Decrease) in cash in the period		1,400	(98)
Repayment of debt	33	<u>165</u>	<u>160</u>
Change in net debt		1,565	62
New hire purchase agreements	33	-	(19)
Net debt at 1 August		<u>(3,714)</u>	<u>(3,757)</u>
<b>Net debt at 31 July</b>	34	<b><u>(2,149)</u></b>	<b><u>(3,714)</u></b>

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

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**NOTES TO THE FINANCIAL STATEMENTS**

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**I. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES**

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

In these financial statements the following new standards have been adopted for the first time:

- FRS 30 'Heritage Assets; and
- Amendment to FRS 25 Financial Instruments: Presentation (Classification of rights issues).

The implementation of FRS 25 and FRS 30 has had no material effect on these financial statements.

**1.1 Accounting Convention**

These financial statements have been prepared under the historic cost convention and in accordance with both the "Statement of Recommended Practice: Accounting for Further and Higher Education" (SORP) and applicable Accounting Standards. They conform to guidance published by the HEFCE in their annual Accounts Direction.

**1.2 Going Concern**

Further information on the activities of the College, together with the factors likely to affect its future development and performance, are set out in the Operating and Financial Review. The financial position of the College, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The College currently has £4.5 million of loans outstanding with bankers on terms negotiated in 2006/07, all being secured by a general charge on College assets. The terms of the existing agreement expire in November 2017 and November 2011 and has been re-negotiated until 2021. The College's forecasts and financial projections indicate that it will be able to operate within these existing facilities and attached covenants for the foreseeable future, taking into account reasonably expected changes in performance.

Accordingly, the College believes that it has adequate resources to continue in operational existence for the foreseeable future and for this reason will continue to adopt the going concern basis in the preparation of its financial statements.

**1.3 Basis of Accounting**

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

The financial statements do not include those of Writtle College Students' Union, as it is a separate unincorporated association in which the College has no direct financial interest. The College has no control or significant interest over policy decisions made by the Students' Union. The Students' Union presents Income and Expenditure accounts to the Governing Body on an annual basis.

**1.4 Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of the College and its subsidiary, Writtle College Services Limited. All financial statements are made up to 31 July 2011.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

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**I. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)****1.5 Recognition of Income**

The Income and Expenditure Account has been drawn up in line with the SORP and with classifications based on the requirements of the annual financial return made to the Higher Education Statistics Agency.

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned. Recurrent grants from the LSC and its successor bodies and HEFCE are recognised in line with the latest estimates of grants receivable for the academic year.

Income received from endowments is credited to the income and expenditure account in the period in which it is earned. Income from specific endowments not expended in the year is transferred from the income and expenditure account to a specific endowment reserve.

**1.6 Pension Schemes**

Retirement benefits to employees of the College are provided by the Teachers' Pensions Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme.

Contributions to the TPS are charged to the income and expenditure so as to spread the cost of pensions over the employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

A more detailed explanation of the arrangements for pension schemes can be found in Note 35.

**1.7 Tangible Fixed Assets****a. Land and Buildings**

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost or the open market value as appropriate. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 5-50 years. Assets under construction are not depreciated. Once completed, assets under construction are transferred to freehold land and buildings and then depreciated.

On adoption of FRS 15, the College followed the transitional provisions to retain the book value of land and buildings, which were revalued in 1993, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.



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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

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**I. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)****b. Equipment**

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the Local Education Authority is included in the balance sheet at valuation.

Equipment is depreciated on a straight line basis over its useful economic life to the College using rates of 7% - 50% 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.

**1.8 Assets held for sale**

Non-current assets are classified as held for sale when their carrying value will be recovered through disposal rather than continuing use within the business, the asset is available for sale in its present condition and the sale is highly probable. Following reclassification, non-current assets are measured in the balance sheet at the lower of their carrying amount and fair values less costs to sell.

**1.9 Stocks**

Stocks (standing crops, livestock and consumable) are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

**1.10 Maintenance of Premises**

The College has a ten-year rolling maintenance plan which is reviewed on an annual basis. The cost of routine corrective maintenance is charged to the income and expenditure account as incurred.

**1.11 Subsequent Expenditure on Existing Fixed Assets**

Subsequent expenditure on existing fixed assets is capitalised if over £1,000 and if capital in nature.

**1.12 Foreign Currency Transactions**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

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**1.13 Taxation**

The College meets the definition of a charitable company for UK corporation tax purposes as it is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, as its main activity is the supply of education which is an exempt supply for the purposes of VAT. Accordingly, it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on supplies and services received is included in the related costs in the financial statements. It is also added to the cost of tangible fixed asset as appropriate, where the inputs themselves are tangible fixed assets by nature.

As the VAT on supplies and services received exceeds the VAT on sales, VAT represents a net cost to the College.

The College's subsidiary company is liable to corporation tax and VAT in the same way as any commercial organisation.

**1.14 Investments**

Endowment asset investments in the balance sheet are at market value.

**1.15 Leases and Hire Purchase Contracts**

Fixed assets held under finance leases and hire purchase contracts and the related lease obligations are recorded in the Balance Sheet at the fair value of the leased assets at the inception of the lease. The excess of lease payments over recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations.

Rental costs under operating leases are charged to expenditure in equal amounts over the periods of the leases.

**1.16 Provisions**

A provision is recognised if, as the result of a past event, the College has a present or legal constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. A restructuring provision is recognised when the College has approved a detailed and formal restructuring plan. Future operating costs are not provided for.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****2. FUNDING COUNCIL GRANTS**

	<b>Note</b>	<b>2011 £000</b>	<b>2010 £000</b>
Recurrent grant – HEFCE		4,575	4,648
Recurrent grant – FE		4,577	4,393
Release of deferred capital grants	23	<u>210</u>	<u>239</u>
		<b><u>9,362</u></b>	<b><u>9,280</u></b>

**3. ACADEMIC FEES AND SUPPORT GRANTS**

	<b>2011 £000</b>	<b>2010 £000</b>
<b>HE</b>		
Full-time Student Fees	2,329	1,997
Full-time Students Charged Overseas Fees	709	616
Part-time Student Fees	225	218
<b>FE</b>		
Full-time Student Fees	38	35
Full-time Students Charged Overseas Fees	25	37
Part-time Student Fees	84	126
Short Course Student Fees	497	379
Other Fees and Support Grants	<u>477</u>	<u>476</u>
	<b><u>4,384</u></b>	<b><u>3,884</u></b>

**4. RESEARCH GRANTS AND CONTRACTS**

	<b>2011 £000</b>	<b>2010 £000</b>
Research grants and contracts	<u>13</u>	<u>4</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)****5. OTHER OPERATING INCOME**

	<b>Note</b>	<b>2011 £000</b>	<b>2010 £000</b>
Catering and residence operations		2,029	1,983
Releases from deferred capital grants	23	62	70
Estate activities		310	303
Other income:		<u>1,107</u>	<u>1,252</u>
		<b><u>3,508</u></b>	<b><u>3,608</u></b>

**6. INTEREST RECEIVABLE**

	<b>2011 £000</b>	<b>2010 £000</b>
Other interest receivable	<u>3</u>	<u>2</u>

**7. PROFIT/LOSS ON DISPOSAL OF FIXED ASSETS**

Various fixed assets have been disposed of during the year resulting in a profit of £675,000 (2010 £60,000).

**8. STAFF COSTS**

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

	<b>2011 No.</b>	<b>2010 No.</b>
Academic	109	123
Academic support services (Technical & Library staff)	72	81
Support Staff (Administration, Caretaking, Estate Staff, Halls and Catering Staff)	<u>117</u>	<u>131</u>
	<b><u>298</u></b>	<b><u>335</u></b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)****8. STAFF COSTS (continued)****Staff costs for the above persons**

	<b>2011 No.</b>	<b>2010 No.</b>
Wages and salaries	8,582	9,501
Social security costs	629	696
Other pension costs (including FRS 17 adjustments of £30,000- 2010 £4,000)	1,161	1,221
Staff restructuring	<u>10</u>	<u>311</u>
	<b><u>10,382</u></b>	<b><u>11,729</u></b>
Academic departments	5,520	6,239
Academic support services	302	276
Administration and central services	2,779	2,991
Premises	689	543
Other income generating activities	66	77
Catering and residences	722	819
Estates	294	473
Restructuring costs including pension strain	<u>10</u>	<u>311</u>
	<b><u>10,382</u></b>	<b><u>11,729</u></b>
Employment costs for staff on permanent contracts	9,872	10,853
Employment costs for staff on short-term and temporary contracts	500	565
Restructuring costs	<u>10</u>	<u>311</u>
	<b><u>10,382</u></b>	<b><u>11,729</u></b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 8. STAFF COSTS (continued)

Remuneration of higher paid staff, including that of the Principal and excluding the employer's pension contributions:

	2011	2010
£100,001 - £110,000	-	-
£110,001 - £120,000	1	1

### 9. EMOLUMENTS OF SENIOR POSTHOLDERS

The emoluments below represent amounts payable to the Principal who is the highest paid senior post holder.

	2011 £000	2010 £000
Emoluments (excluding employer's National Insurance and pension contributions) paid to the Principal	112	111
Benefit in Kind	1	1
Pension contributions of the Principal paid at the same rate as for other academic staff	16	16
	<u>129</u>	<u>128</u>

Senior post-holders, including the Principal and other higher paid staff, received a pay increase in line with the general pay award. No bonuses or other salary enhancements were awarded to senior post-holders or other higher paid staff.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 10. OTHER OPERATING EXPENSES

	2011 £000	2010 £000
Residences, Catering and Conferences Operating Expenses	723	832
Consumables and Laboratory Expenditure	253	196
Books and Periodicals	230	228
Heat, Light, Water and Power	399	544
Repairs and General Maintenance	263	150
Grants to Students' Union	17	21
Rents and Rates	55	50
Auditors' Remuneration:		
Financial Statements Auditors		
Financial statements audit	31	26
Other services provided by the financial statements auditors	-	48
Internal Auditors		
Internal audit	29	24
Other audit services provided by internal auditors	-	-
Equipment Operating Lease Rentals	41	89
Other Expenses: Writtle College	2,492	2,109
Writtle College Services Ltd	-	18
Estate Activities	<u>392</u>	<u>364</u>
	<b><u>4,925</u></b>	<b><u>4,699</u></b>

Reimbursements to 5 trustees for expenditure incurred in attending trustee meetings amounted to £2,301 (2010 £1,353 7 trustees)

The trustees did not receive any remuneration from the charity.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****11. INTEREST PAYABLE**

	2011 £000	2010 £000
On bank loans, overdrafts and other loans:		
Repayable wholly or partly in more than 5 years	307	274
On finance leases and hire purchase agreements repayable within 5 years by instalments	4	3
Pension finance costs (note 35)	<u>252</u>	<u>458</u>
	<b><u>563</u></b>	<b><u>735</u></b>

**12. TAXATION**

	2011 £000	2010 £000
UK Corporation Tax	<u>-</u>	<u>-</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 27.33% (2010 – 28%).

**13. SURPLUS/(DEFICIT) ON CONTINUING OPERATIONS**

	2011 £000	2010 £000
The surplus/ (deficit) on continuing operations for the year is made up as follows:		
College's surplus/ (deficit)	1,110	(444)
<b>On Group Consolidation:</b>		
Subsidiary's (deficit)	<u>-</u>	<u>(18)</u>
	<b><u>1,110</u></b>	<b><u>(462)</u></b>



## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 14. TANGIBLE FIXED ASSETS

Consolidated and College	Freehold Land and Buildings £000	Equipment £000	Assets Under Construction £000	Total £000
<b>Cost or valuation</b>				
At 1 August 2010	23,569	5,456	15	29,040
Additions at cost	51	305	964	1,320
Disposals	(256)	(136)	-	(392)
<b>At 31 July 2011</b>	<b><u>23,364</u></b>	<b><u>5,625</u></b>	<b><u>979</u></b>	<b><u>29,968</u></b>
<b>Depreciation</b>				
At 1 August 2010	6,706	4,312	-	11,018
Charge for the year	524	441	-	965
Eliminated in respect of disposals	(90)	(133)	=	(223)
<b>At 31 July 2011</b>	<b><u>7,140</u></b>	<b><u>4,620</u></b>	<b><u>=</u></b>	<b><u>11,760</u></b>
<b>Net book value at 31 July 2011</b>	<b><u>16,224</u></b>	<b><u>1,005</u></b>	<b><u>979</u></b>	<b><u>18,208</u></b>

Net book value at 31 July 2010 16,863 1,144 15 18,022

The transitional rules set out in FRS15 'Tangible Fixed Assets' have been applied on implementing the standard, and accordingly the book amounts for the inherited Freehold land and buildings have been retained.

If inherited land and buildings and equipment had not been valued they would have been included at the following amounts:

	£000
Cost	0
Aggregate Depreciation based on cost	0
Net book value based on cost	0

Included in freehold land and buildings is land valued at £809,960 (2010: £809,960).

All assets valued in 1993 by Essex County Council Property Services.

The depreciation charge for the year is analysed as follows:

	2011 £000	2010 £000
Owned assets	883	952
Assets held under hire purchase obligations	82	80
	<b><u>965</u></b>	<b><u>1,032</u></b>

Equipment with a net book value of £155,000 is held under hire purchase agreements (2010 - £222,000)

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 15. INVESTMENTS

The College also owns 100% of the issued share capital of Writtle College Services Limited, a company registered in England. This company ceased trading with effect from 1<sup>st</sup> August 2009.

## 16. ENDOWMENT ASSET INVESTMENTS

	Note	Consolidated 2011 £000	College 2011 £000	Consolidated 2010 £000	College 2010 £000
Balance at 1 August 2010		4	4	4	4
Transfer from Income & Expenditure account	24	—	—	—	—
<b>Balance at 31 July 2011</b>		<b><u>4</u></b>	<b><u>4</u></b>	<b><u>4</u></b>	<b><u>4</u></b>

## 17. STOCK

	Consolidated 2011 £000	College 2011 £000	Consolidated 2010 £000	College 2010 £000
Livestock	121	121	97	97
Consumables	<u>43</u>	<u>43</u>	<u>63</u>	<u>63</u>
	<b><u>164</u></b>	<b><u>164</u></b>	<b><u>160</u></b>	<b><u>160</u></b>

## 18. DEBTORS

	Consolidated 2011 £000	College 2011 £000	Consolidated 2010 £000 restated	College 2010 £000 restated
Amounts falling due within 1 year:				
Trade debtors	534	534	832	832
Other debtors	7	7	13	13
Prepayments and accrued income	<u>320</u>	<u>320</u>	<u>413</u>	<u>413</u>
	<b><u>861</u></b>	<b><u>861</u></b>	<b><u>1,258</u></b>	<b><u>1,258</u></b>

Included within trade debtors is £100k payable in more than 1 year, (2010 £300k)

The prior year has been restated to improve the understanding of the comparative figures by £600k, by re-classifying amounts from prepayments and accrued income into trade debtors.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Consolidated 2011 £000	College 2011 £000	Consolidated 2010 £000 restated	College 2010 £000 restated
Bank loans and overdrafts	84	84	67	67
Obligations under hire purchase contracts	78	78	101	101
Payments received on account	264	264	334	334
Trade creditors	1,576	1,576	1,177	1,177
Other creditors	223	223	291	291
Other taxation and social security	264	264	208	208
Accruals	<u>70</u>	<u>70</u>	<u>75</u>	<u>75</u>
	<b><u>2,559</u></b>	<b><u>2,559</u></b>	<b><u>2,253</u></b>	<b><u>2,253</u></b>

The prior year has been restated to improve the understanding of the comparative figures by £228k.

Re-classifying pension and similar obligations into other creditors of £53k, trade creditors into accruals of £75k and trade creditors into other creditors of £100k.

**20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Consolidated 2011 £000	College 2011 £000	Consolidated 2010 £000	College 2010 £000
Bank loans	4,415	4,415	4,499	4,499
Obligations under hire purchase contracts	2	2	83	83
Pensions and similar obligations	<u>42</u>	<u>42</u>	<u>104</u>	<u>104</u>
	<b><u>4,459</u></b>	<b><u>4,459</u></b>	<b><u>4,686</u></b>	<b><u>4,686</u></b>

**21. ANALYSIS OF BORROWINGS OF THE COLLEGE**

(a) Bank Loans & Overdraft	Consolidated 2011 £000	College 2011 £000	Consolidated 2010 £000	College 2010 £000
Bank loans and overdrafts are repayable as follows:				
In one year or less	84	84	67	67
Between one and two years	73	73	63	63
Between two and five years	245	245	200	200
In five years or more	<u>4,097</u>	<u>4,097</u>	<u>4,237</u>	<u>4,237</u>
	<b><u>4,499</u></b>	<b><u>4,499</u></b>	<b><u>4,567</u></b>	<b><u>4,567</u></b>

The bank loans and overdraft are secured on the Freehold land and buildings.

The College has one bank loan which, with effect from November 2007, was transferred to an interest only loan over 10 years at an interest rate of 5.37%. The other College bank loans remained unchanged at a fixed rate of 6.98% until November 2011, then at an interest rate of 5.45% until August 2021.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 21. ANALYSIS OF BORROWINGS OF THE COLLEGE (continued)

## (b) Hire purchase contracts

The net hire purchase obligations to which the College is committed are:

	Consolidated	College	Consolidated	College
	2011	2011	2010	2010
	£000	£000	£000	£000
In the next year	78	78	100	100
In the second to fifth years inclusive	<u>1</u>	<u>1</u>	<u>81</u>	<u>81</u>
	<b><u>79</u></b>	<b><u>79</u></b>	<b><u>181</u></b>	<b><u>181</u></b>

## 22. PROVISION FOR LIABILITIES

	Consolidated and College Total £000
At 1 August 2010	25
Transferred to income and expenditure account	(25)
Transferred from income and expenditure account	<u>10</u>
<b>At 31 July 2011</b>	<b><u>10</u></b>

The prior year provision of £25k related to a health and safety claim and has been settled.

The current year provision of £10k wholly relates to restructuring.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****23. DEFERRED CAPITAL GRANTS**

	Consolidated and College		
	Funding Councils	Other Grants	Total
	£000	£000	£000
<b>At 1 August 2010</b>			
Land and buildings	3,111	839	3,950
Equipment	<u>345</u>	<u>51</u>	<u>396</u>
<b>Total</b>	<b><u>3,456</u></b>	<b><u>890</u></b>	<b><u>4,346</u></b>
<b>Cash received</b>			
Land and buildings	-	-	-
Equipment	<u>-</u>	<u>3</u>	<u>3</u>
<b>Total</b>	<b><u>-</u></b>	<b><u>3</u></b>	<b><u>3</u></b>
<b>Released to income and expenditure account</b>			
Land and buildings	(101)	(31)	(132)
Equipment	<u>(109)</u>	<u>(31)</u>	<u>(140)</u>
<b>Total</b>	<b><u>(210)</u></b>	<b><u>(62)</u></b>	<b><u>(272)</u></b>
<b>At 31 July 2011</b>			
Land and Buildings	3,010	808	3,818
Equipment	<u>236</u>	<u>23</u>	<u>259</u>
<b>Total</b>	<b><u>3,246</u></b>	<b><u>831</u></b>	<b><u>4077</u></b>

**24. RESTRICTED EXPENDABLE ENDOWMENTS**

	Consolidated 2011 £000	College 2011 £000	Consolidated 2010 £000	College 2010 £000
<b>At 1 August 2010</b>	4	4	4	4
Transfer from Income & Expenditure account	=	=	=	=
<b>At 31 July 2011</b>	<b><u>4</u></b>	<b><u>4</u></b>	<b><u>4</u></b>	<b><u>4</u></b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)****25. REVALUATION RESERVE**

	Consolidated 2011 £000	College 2011 £000	Consolidated 2010 £000	College 2010 £000
At 1 August 2010	6,679	6,679	6,881	6,881
Transfer from revaluation reserve to income and expenditure account	(186)	(186)	(202)	(202)
Gain realised on disposal of property transferred to income and expenditure reserves	(155)	(155)	-	-
<b>At 31 July 2011</b>	<b><u>6,338</u></b>	<b><u>6,338</u></b>	<b><u>6,679</u></b>	<b><u>6,679</u></b>

**26. INCOME AND EXPENDITURE ACCOUNT**

	Consolidated 2011 £000	College 2011 £000	Consolidated 2010 £000	College 2010 £000
At 1 August 2010	(4,317)	(4,317)	(5,019)	(5,037)
Transfer from revaluation reserve to income and expenditure account	186	186	202	202
Actuarial (loss)/ gain in respect of pension scheme	(245)	(245)	962	962
Surplus/ (Deficit) on continuing operations after depreciation of assets at valuation and tax	1,110	1,110	(462)	(444)
Transfer to income and expenditure reserves in respect of realised gains	155	155	-	-
<b>At 31 July 2011</b>	<b><u>(3,111)</u></b>	<b><u>(3,111)</u></b>	<b><u>(4,317)</u></b>	<b><u>(4,317)</u></b>
Balance represented by Pension Reserve	(7,331)	(7,331)	(6,804)	(6,804)
Income and Expenditure Reserve excluding Pension Reserve	<u>4,220</u>	<u>4,220</u>	<u>2,487</u>	<u>2,487</u>
<b>At 31 July 2011</b>	<b><u>(3,111)</u></b>	<b><u>(3,111)</u></b>	<b><u>(4,317)</u></b>	<b><u>(4,317)</u></b>

**27. FINANCIAL COMMITMENTS**

At 31 July 2011 the College had annual commitments under non-cancellable operating leases for equipment as follows:

	Consolidated 2010 £000	College 2010 £000	Consolidated 2009 £000	College 2009 £000
Expiring within one year	-	-	82	82
Expiring between two and five years inclusive	<u>37</u>	<u>37</u>	-	-
	<b><u>37</u></b>	<b><u>37</u></b>	<b><u>82</u></b>	<b><u>82</u></b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)****28. CAPITAL COMMITMENTS**

	Consolidated 2011 £000	College 2011 £000	Consolidated 2010 £000	College 2010 £000
Commitments contracted for at 31 July 2011	182	182	36	36
Authorised commitments but not contracted for at 31 July 2011	—	—	865	865
	<u>182</u>	<u>182</u>	<u>901</u>	<u>901</u>

**29. POST BALANCE SHEET EVENTS**

There are no material post balance sheet events to report.

**30. RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS/ (DEFICIT) TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2011 £000	2010 £000
Surplus/ (Deficit) on continuing operations after depreciation of assets at valuation and tax	1,110	(462)
Depreciation (note 14)	965	1,032
Deferred capital grants released to income (note 23)	(272)	(309)
Profit on disposal of tangible fixed assets	(675)	(60)
Disposal of Activities at Shuttleworth College	-	(895)
(Increase)/ Decrease in stocks	(4)	144
Interest payable (note 11)	563	735
Pension cost less contributions payable (note 8)	30	4
Decrease in debtors	157	107
Increase/ (Decrease) in creditors	250	(1)
Decrease in provisions	(15)	(61)
Interest receivable (note 6)	(3)	(2)
<b>Net cash inflow from operating activities</b>	<b><u>2,106</u></b>	<b><u>232</u></b>

**31. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

	2011 £000	2010 £000
Other Interest Received (note 6)	3	2
Interest Paid (note 11)	(311)	(277)
<b>Net cash outflow from returns on investment and servicing of finance</b>	<b><u>(308)</u></b>	<b><u>(275)</u></b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)****32. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT**

	2011 £000	2010 £000
Tangible Assets Acquired	(1,320)	(1,252)
Receipts from Disposal of Tangible Assets	844	153
Deferred Capital Grants Received (note 23)	3	909
Disposal of Activities at Shuttleworth College	240	295
Net Endowments received (note 25)	—	—
<b>Net cash (outflow)/ inflow from capital expenditure and financial investment</b>	<b><u>(233)</u></b>	<b><u>105</u></b>

**33. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR**

	Total £000	Finance Leases £000	Mortgages & Loans £000
Balances at 1 August 2010	4,745	184	4,561
Capital repayments	<u>(165)</u>	<u>(103)</u>	<u>(62)</u>
<b>Balances at 31 July 2011</b>	<b><u>4,580</u></b>	<b><u>81</u></b>	<b><u>4,499</u></b>

**34. ANALYSIS OF CHANGES IN NET DEBT**

	At 1 August 2010 £000	Cash Flows £000	Non Cash Movement £000	At 31 July 2011 £000
Cash at Bank and in Hand				
Overdraft	(5)	5	-	-
Other	<u>1,036</u>	<u>1,395</u>	<u>-</u>	<u>2,431</u>
	1,031	1,400	-	2,431
Debt due within one year	(62)	62	(85)	(85)
Debt due after one year	(4,499)	-	85	(4,414)
Hire purchase agreements	<u>(184)</u>	<u>103</u>	<u>-</u>	<u>(81)</u>
<b>Net debt</b>	<b><u>(3,714)</u></b>	<b><u>1,565</u></b>	<b><u>-</u></b>	<b><u>(2,149)</u></b>



**NOTES TO THE FINANCIAL STATEMENTS (continued)****35. PENSION AND SIMILAR OBLIGATIONS**

The College's employees belong to two principal pension schemes: the Teachers' Pension Scheme in England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Essex County Council. Both are defined benefit schemes.

	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
<b>Total pension cost for the year</b>		
Teachers' Pension Scheme: contributions paid	542	596
Local Government Pension Scheme: contributions charged to the income and expenditure account (staff costs)	619	625
Enhanced pension charge to Income and Expenditure Account (staff costs)	-	49
<b>Total Pension Cost for Year</b>	<b><u>1,161</u></b>	<b><u>1,270</u></b>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and LGPS, 31 March 2010.

**Teachers' Pension Scheme**

The TPS is a statutory, contributory, final salary Scheme administered by the Teachers' Pension Agency operating under the Teacher's Superannuation (Consolidated Regulations). Actuarial valuations are carried out on a notional set of investments.

The pension 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 2004
Actuarial method	Projected Benefits
Investment returns gross per annum	6.5%
Salary scale increases per annum	1.5%
Market value of assets at date of last valuation	£163,240m
Proportion of members accrued benefits covered by the actuarial value of the assets	98%

Following the implementation of the Teachers' Pension (Employers' Supplementary Contributions) Regulations 2000 the government actuary carried out a further review on the level of employer contributions. For the period from 1 August 2010 to 31 July 2011 the employer contribution rate was 14.1%. The employee rate was 6.4% for the same period.

**FRS 17**

Under the definitions set out in the Financial Reporting Standard 17 (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the College has used the exemption in FRS 17 and contributions to the scheme have been accounted for as if it were a defined 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 (continued)****35. PENSION AND SIMILAR OBLIGATIONS (continued)****Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2011 was £638,000 of which employer's contributions totalled £408,000 and employees' contributions totalled £230,000. The agreed contribution rates for future years are set at 11.6% for employers and banded rates of 5.5% to 7.5% for employees. In addition an employers annual contribution of £181,000 (2010 - £162,000) is made to meet past service deficiencies.

**FRS 17**

The following information is based upon a full actuarial valuation of the fund as at 31 March 2010 by a qualified independent actuary.

<b>Principal Actuarial Assumptions</b>	<b>Year ended 31 July 2011</b>	<b>Year ended 31 July 2010</b>
Rate of RPI inflation	3.4%	3.3%
Rate of CPI inflation	2.9%	2.8%
Rate of increases in salaries	4.4%	4.8%
Rate of increase for pensions in payment/inflation	2.9%	2.8%
Discount rate for liabilities	5.3%	5.5%
Commutation of pensions to lump sums	50%	50%

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

	<b>Year ended 31 July 2011</b>	<b>Year ended 31 July 2010</b>
Retiring today:		
Males	22.6	22.1
Females	25.2	25.0
Retiring in 20 years:		
Males	24.0	23.1
Females	26.8	25.9

**NOTES TO THE FINANCIAL STATEMENTS (continued)****35. PENSION AND SIMILAR OBLIGATIONS (continued)**

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

	Long Term rate of return expected at 31 July 2011	Fair Value at 31 July 2011 £000	Long Term rate of return expected at 31 July 2010	Fair Value at 31 July 2010 £000
Equities	7.0%	9,653	7.5%	7,550
Government Bonds	3.9%	988	4.2%	941
Other Bonds	4.9%	1,200	5.1%	712
Property	6.0%	1,595	6.5%	1,487
Cash/Liquidity	0.5%	677	0.5%	407
Other	-	-	7.5%	1,614
<b>Total market value of assets</b>		<b>14,113</b>		<b>12,711</b>
Actuarial value of scheme liabilities		<u>(21,444)</u>		<u>(19,515)</u>
<b>Deficit in the scheme – Net pension liability</b>		<b><u>(7,331)</u></b>		<b><u>(6,804)</u></b>
		<b>31 July 2011 £000</b>		<b>31 July 2010 £000</b>
<b>Analysis of amounts charged to Income and expenditure account:</b>				
Employer's service cost (net of contributions)		(655)		(667)
Curtailment costs		<u>19</u>		<u>-</u>
<b>Total operating charge</b>		<b><u>(636)</u></b>		<b><u>(667)</u></b>
<b>Analysis of pension finance costs:</b>				
Expected return on pension scheme assets		836		678
Interest on pension scheme liabilities		<u>(1,088)</u>		<u>(1,136)</u>
<b>Pension finance costs</b>		<b><u>(252)</u></b>		<b><u>(458)</u></b>
<b>Amount recognised in the statement of total recognised gains and losses (STRGL)</b>				
Actuarial gains on pension scheme assets		49		1,156
Actuarial gains on pension scheme liabilities		<u>(294)</u>		<u>(1,636)</u>
Past service gain arising on change to CPI		<u>-</u>		<u>1,442</u>
<b>Actuarial (loss)/gain recognised in STRGL</b>		<b><u>(245)</u></b>		<b><u>962</u></b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)****35. PENSION AND SIMILAR OBLIGATIONS (continued)**

	31 July 2011 £000	31 July 2010 £000
<b>Movement in deficit in the year:</b>		
Deficit in the scheme at 1 August	(6,804)	(7,304)
Current employer service costs	(655)	(667)
Employer contributions	644	663
Past service (costs)/gains curtailments or settlements	(19)	1,442
Net interest	(252)	(458)
Actuarial loss	<u>(245)</u>	<u>(480)</u>
<b>Deficit in scheme at 31 July</b>	<b><u>(7,331)</u></b>	<b><u>(6,804)</u></b>
 <b>Reconciliation of Liabilities</b>		
Liabilities at start of period	19,515	17,891
Current Service cost	655	667
Interest cost on pension liabilities	1,088	1,136
Employee contributions	230	262
Actuarial loss	294	1,636
Benefits paid	(357)	(635)
Past service gain	-	(1,442)
Curtailments and settlements	<u>19</u>	<u>-</u>
<b>Liabilities at end of period</b>	<b><u>21,444</u></b>	<b><u>19,515</u></b>
 <b>Reconciliation of Assets</b>		
Assets at start of period	12,711	10,587
Expected return on assets	836	678
Actuarial gain/(loss)	49	1,156
Employer contributions	644	663
Employee contributions	230	262
Benefits paid	<u>(357)</u>	<u>(635)</u>
<b>Assets at end of period</b>	<b><u>14,113</u></b>	<b><u>12,711</u></b>

The estimated value of employer contributions for the year to 31 July 2012 is £606,000 (2011 £619,000)

**NOTES TO THE FINANCIAL STATEMENTS (continued)****35. PENSION AND SIMILAR OBLIGATIONS (continued)**

As part of the disposal of the Shuttleworth campus the College transferred around 30 staff under TUPE arrangements to Bedford College. The underlying pension rights and liabilities will in due course also transfer to the Bedford College LGPS. At this time the actual numbers of staff transferring, the basis on which the bulk transfer will be made and the valuation of these aspects has not been resolved and as result no adjustments have been made to the FRS 17 net deficit recorded in the College accounts.

By way of illustration of the likely impact on the College's FRS 17 liability though, if the bulk transfer takes effect at the implied funding rate of the ratio of scheme assets to liabilities at 31 July 2011 (approximately 66%) and the approximate FRS 17 liabilities for the 30 members to be transferred is estimated at £775,000 (the same as the last Valuation Funding liabilities), then the corresponding balance sheet assets to transfer would be approximately £510,000. The net FRS 17 deficit would then be restated as £7.066 million compared to the current £7.331 million. The resulting change would be treated as a settlement gain and recognised in the Income and Expenditure account in the year in which the final transfer is agreed.

History of experience of gains and losses	At 31 July 2011	At 31 July 2010	At 31 July 2009	At 31 July 2008	At 31 July 2007
<b>Difference between the expected and actual return on scheme assets:</b>					
Amount £000	49	1,156	(1,536)	(1,791)	462
<b>Experience losses on scheme liabilities:</b>					
Amount £000	-	-	-	(564)	-
<b>Total amount recognised in the statement of total recognised gains and losses:</b>					
Amount £000	245	962	361	(3,248)	742

In its June 2010 budget, the government announced that it intended for future increases in public sector pension schemes to be linked to changes in the Consumer Prices Index (CPI) rather than, as previously, the Retail Price Index (RPI). In the year ended 31 July 2010, the College considered the Essex County Council Pension Fund scheme rules and associated members' literature and concluded that as a result, a revised actuarial assumption about the level of inflation indexation should be made, with the resulting gain recognised through the Statement of Total Recognised Gains and Losses ('STRGL') in the 2009/10 financial statements. Following the issue of Urgent Issues Task Force ('UITF') Abstract 48 in December 2010, the College has reconsidered its position in respect of the above and has concluded that the above treatment of the gain remains appropriate.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****36. ACCESS FUNDS**

	Consolidated and College 2011 £000	2010 £000
Funding Council Grants	23	28
Contribution to Staff Administration	(1)	(1)
Interest Earned	—	—
	22	27
Balance unspent and brought forward	-	-
Disbursement to Students	(22)	(20)
Audit Fees	-	-
To be returned to Funding Council	—	(7)
<b>Balance Unspent at 31 July 2011</b>	<b>—</b>	<b>—</b>

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

There are no unspent funds to be carried forward to 2011/12 (2010/11 – nil)

**37. LEARNER SUPPORT FUNDS**

	Consolidated and College 2011 £000	2010 £000
Funding Council Grants	271	291
Contributions to Staff Administration	(13)	(11)
Interest Earned	—	—
	258	280
Balance Unspent and brought forward	-	-
Disbursement to Students	(97)	(78)
Transferred to other FE Provider	-	(90)
Audit Fees	-	-
To be returned to Funding Council	(161)	(112)
<b>Balance Unspent at 31 July 2011</b>	<b>—</b>	<b>—</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

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**38. RELATED PARTY TRANSACTIONS**

Transactions with the LSC and its successor bodies and the HEFCE are shown in notes 2, 18 and 19.

