

# Report and Financial Statements

Year ended 31 July 2012





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



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# Operating and Financial Review

## Nature, Objectives and Strategies

The members of the Board of Governors present their report and the audited financial statements for the year ended 31 July 2012.

### Legal Status

On the 1st 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; and
- 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 2012 the College is reporting a surplus at Historic Cost of £602k with a surplus on continuing operations (after depreciation of assets at valuation) of £419k. These figures include adjustments in the year for the pension deficit, in accordance with FRS17 of £227k, and direct restructuring costs of £22k.

The College had accumulated reserves of £5,048k (excluding Pension Liability of £(10,248)k and Revaluation Reserve of £6,155k) with cash balances of £2,786k, and long term debt of £4,448k at the Balance Sheet date.

The pension liability shown at the 31 July 2012 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.

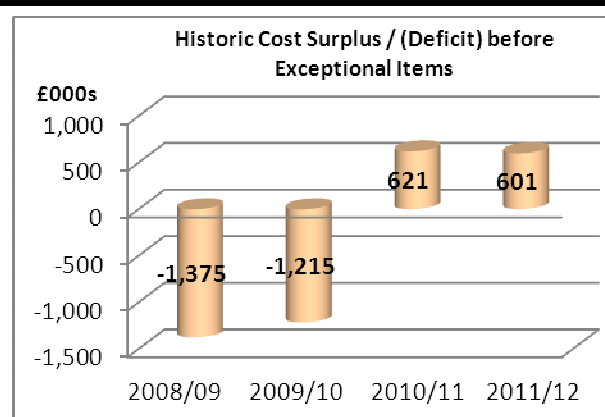
Tangible fixed asset additions during the year amounted to £903k. This was split between land and buildings acquired or in construction of £280k and equipment purchased of £623k. This was lower than originally budgeted for the year, however projects to the value of at least this shortfall were in progress at the Balance Sheet date and have subsequently been completed.

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

### Summary Financial Results

Please find below a summary of the financial results for 2011/12 with prior year comparator.

	2012 £k	2011 £k
Income	17,044	17,270
Expenditure	16,626	16,835
Surplus/ (Deficit) at Revaluation	418	435
Depreciation on revalued assets	183	186
Surplus/ (Deficit) at Historic Cost before exceptional items	601	621
Adjustments:		
FRS 17 Pension adjustment	227	282
Restructuring costs	22	10
Adjusted Surplus/ (Deficit) at Historic Cost before asset sales	850	913

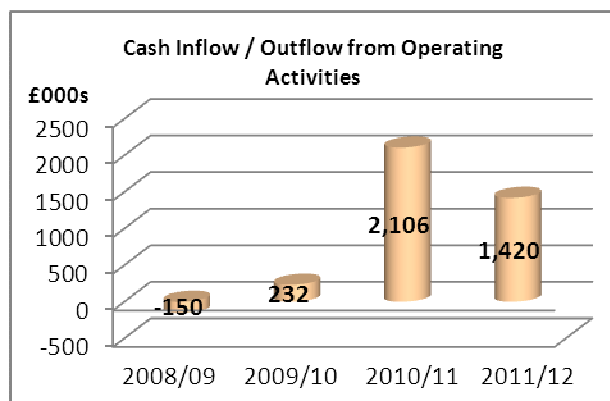


### Historical Cost Surplus

The College has seen continued improvement in its financial position following the implementation of the Strategic Options Review undertaken during the latter part of 2009/10. Historic Cost (HC) Surplus has been maintained at an improved level as shown in the graph above.

## Cash Flows

The College had a net cash inflow from operating activities of £1,420k for 2011/12. This compares to a net cash inflow from operating activities of £2,106k the previous year, (see Note 30).

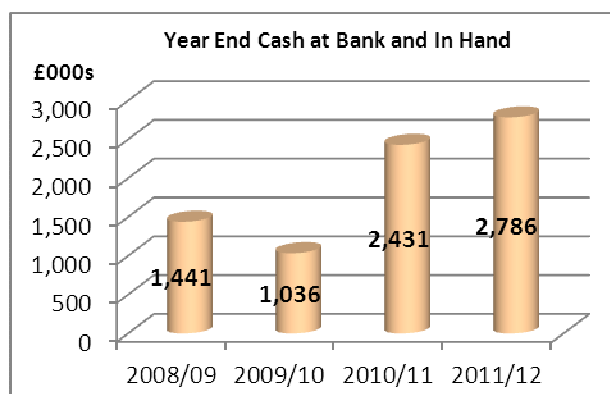


The reduction in cash from operating activities is a result of a decrease of £418k in creditors.

A planned asset disposal with anticipated cash proceeds of £500k did not take place before the Balance Sheet date. Disposal is now expected during the 2012/13 financial year.

## Liquidity

Year end cash balances have also maintained their improvement from a comparatively poor position of 2 and 3 years ago.



The College's cash position has continued to improve. This increase has not been at the expense of revenue or capital investment in equipment, buildings or infrastructure with a number of infrastructure improvements over the last 12 month, and software and hardware purchases implemented.

All creditor payments were met as they fell due.

## Outlook

The financial year 2012/13 sees the HE sector come to terms with the uncertain financial impact of the move to higher tuition fees in HE and the implications of the further development of the Student Number Control (SNC). It is anticipated that the most significant impact will be in the first year of their introduction as those

that could entered HE in 2011/12 with many prospective 2012/13 students deciding to defer to 2013/14 before considering their options. Attendance at College HE open days has been high with many students focusing in on 2013/14 as their year of entry.

## Public Benefit

Writtle College is a Higher Education Institution and, therefore, an exempt charity under the terms of the Charities Act 2011. The College has had due regard to the Charity Commission's guidance on public benefit in drawing up this statement. Our charitable objects are the provision of Higher and Further education and the carrying out of research. The 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.'*

Our 2011 Institutional Review by our validating partner the University of Essex also commended *'The student focused nature of staff as evidenced by the student meeting and the National Student Survey (NSS) scores for 'the teaching on my course', 'assessment and feedback' and 'academic support'.'*

The Further Education delivered at the College was subject to an Ofsted inspection in December 2011. They concluded that Writtle College 'is a satisfactory and improving college that has many good features.'

## 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"**.

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, to ensure activities carried out are financially sustainable. To recruit, retain and support employees so that they are engaged, they excel and are able to perform at their very best.

## 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. In 2012 the College secured a substantial BBSRC research grant for a joint project with the University of Essex and the Royal Veterinary College focused on dairy cattle. 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 2012 more than 3,000 primary school children visited the campus for this event. 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 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.

A significant emphasis this year has been placed on engagement with the Job Centre Plus (JCP) service within the County. This has resulted in the development of a "Sector-based work Academy" within Horticulture (the only one within the country), which gives unemployed people the opportunity to gain a qualification, undertake work experience and have a job interview.

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 project related to Horticulture with five neighbouring land-based Colleges leading to enhancement of recruitment and career options within Horticulture.
- Promotion of volunteering: for example animal studies learners are 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 a local power station, woods and Danbury Country Park as part of their curriculum. Examples of work done include 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 and the podium bouquets for the London 2012 Olympic Games. Animal Studies learners assisted in the training of police sniffer dogs and raise money for Canine Partners charity. Equine learners raise money for Cancer Research.
- 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 where they won Gold, and Horticulture learners received second place (Silver Gilt) at the Chelsea Flower Show.

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 and Havering College for Apprenticeships.
- 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. 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 2011/12, a total amount of £1,304 (2011 £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.

### 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 2011/12 the College had 1,142 Higher Education enrolments, totalling 1,074 Full Time Equivalents (FTE), 80 more than the previous year. Of these, 99 FTE were International students (i.e. not from the UK or EU), 86 FTE studied taught postgraduate programmes (PGT) and 18 FTE were enrolled on postgraduate research programmes (PGR). The majority 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 was restricted because of HEFCE student number controls.

Direct HEFCE funding associated with teaching for 2011/12 totalled £4,069k. Total fee income was £3,784k - of which £701k was international fees.

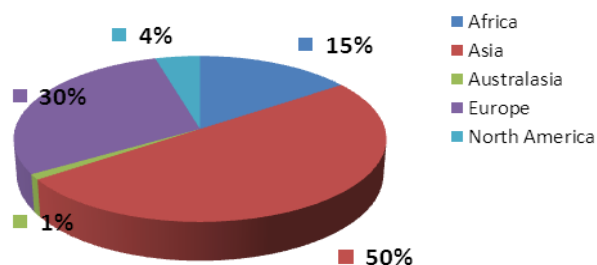
The College also received £287k from Essex University for its PGT and PGR students which are 'returned' to HEFCE as part of the University's funding claim.

### Student Achievement

Writtle students continue to perform well. For the academic year 2011/12 they achieved as follows:

- 68 Taught postgraduate awards.
- 211 Bachelors degrees.
- 70 Foundation degrees.
- 2 Diplomas of Higher Education.
- 28 Certificates of Higher Education.

### Non EU Students 2011/12



### Curriculum Developments

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. Our five-yearly review with the College's validating partner the University of Essex was very positive, with many aspects of good practice noted. The new MSc Arable was introduced.

## Further Education

### Learner Numbers

During the 2011/12 academic year the FE Division delivered a range of programmes funded by the Skills Funding Agency and Young People's Learning Agency (latterly known as the Educational Funding Agency (EFA)). These included Learner Responsive, Adult Responsive, direct Employer Responsive and Work-based Learning (via the APEX Consortium) funding routes totalling a core allocation of £4,667k (2010/11 £4,702k). This represented 1,159 funded and 1,621 commercially funded learners.

The FE Division subcontracted approximately £18k of employer responsive provision from Havering College to deliver Apprentices within Horticulture on the Olympic Park, a partnership which has successfully developed since the 2010/11 academic year.

Approximately £40k of schools 14-16 provision was delivered at out centres including Barleylands and Marsh Farm.

### Quality Improvement

In December 2011 the Division successfully participated in a full Ofsted inspection. The result of this inspection concluded that whilst the College was still at a satisfactory level overall, it was improving and had many good features. During this Inspection within the Common Inspection Framework (2009 CIF) the College was awarded grade 2 "good" for many aspects of its work including Care, Guidance and Support, Meeting the needs and Interests of Learners, Partnerships, Safeguarding, Leadership and Management, Capacity to Improve, Governance, Value for Money and Floristry / Horticulture curriculum areas.

The improving trajectory of the Division has been further reinforced during 2011/12 by increased success rate data. Whilst it is still early to accurately predict the success rate data for 2011/12 there is every indication that they will once again improve for "Writtle only" students to an estimated 88% success (from 80% in 2009/10 and 83% in 2010/11).

### 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 progress onto appropriate Higher Education programmes. To this end, by far the highest volume of learners at Writtle are studying 2 year programmes at Level 3. During 2011/12 a Course Portfolio Review was undertaken which refreshed the course offering in line with local need, 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 refocusing of some Level 3 Sport provision to Outdoor Education routes was effectively undertaken with a the first 2 year cohort coming to a successful conclusion

The range of already high quality specialist resources has been added to during the year, with further developments taking place for implementation in 2012/13. For example this year saw the opening of a new Animal Studies facility, with the associated relocation of Animal provision from Cow Watering Campus and the movement of Countryside Skills provision to Kings Lodge Campus. Kings Lodge Campus was re-developed to improve safety within machinery operations and the establishment of an outside provider (CITRUS Training) for Construction Plant Operations Training to complement Writtle's current suite of machinery courses took place. Finally, release of capital resulted in the development of a cycle skills area on the main campus, the installation of new fencing at equine and flooring / redecoration within the sports facilities.

In 2011/12 the Division participated in a collaborative Learning Skills Improvement Service (LSIS) project focussed around recruitment within the green economy. This was an extremely successful project and saw some harmonisation of curriculum design and offer across the 6 Landbased Colleges within the Eastern Region.

Other notable achievements within 2011/12 were:

- Chelsea Flower Show – Garden designed and constructed by L3 FE Horticulture Learners awarded a Silver Gilt medal;
- Hampton Court flower Show – stand designed and constructed by FE Floristry Learners awarded Gold and Best College In Show;
- FE Floristry students constructed 1200 victory bouquets which were awarded to medallists in the London 2012 Olympics and Paralympics;
- FE Horticulture students achieved 3<sup>rd</sup> place at the Ideal Home Exhibition;
- 2 students from FE Horticulture have been selected for the World-Skills Landscaping competition final;
- A Job Centre Plus (JCP) Sector Based Work Academy in Horticulture was set up to train long term unemployed and aid their return to work – this particular Academy is the only one in the country; and
- Charity events held by Equine and Animal Studies learners raised several hundred pounds; cheques were given to the selected charities on the FE Presentation Day at the end of the academic year.

## 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

The year ended 31 July 2012 saw the College consolidate the financial improvements of 2010/11 with an Historic Cost operating surplus (i.e. excluding profit on disposal of assets but including £227k of FRS17 pension costs) of £601k. This compares to a surplus for the previous year of £621k and was £314k better than budgeted. The College is also forecasting Historic Cost surpluses in the financial years 2012/13 to 2014/15 inclusive of £281k, £279k and £708k respectively (including assumed cost for FRS17 of £360k in each year).

The financial forecasts submitted to HEFCE in June 2012 for the years 2012/13 to 2014/15 inclusive show net cash from operating activities of £1,675k, £1,716k and £2,263 respectively.

The closing cash balance at 31 July 2012 was £2,786k which was £219k higher than forecast and represented a net cash inflow of £355k. This was achieved despite the planned sale of a non-core asset which was anticipated to have generated cash proceeds of £500k not occurring with the financial year. This disposal is now planned to take place during 2012/13.

2012/13 sees the introduction of the new Under Graduate fee regime. Uncertainties within the sector as to the effect this will have on recruitment lead the College to budget HE UG new starts at a level lower than that allocated by the HEFCE for our Student Number Control (SNC). The College has modelled various scenarios should the final level of new starts be lower than that budgeted and is confident that it can deliver a Historic Cost surplus that is not materially less than the current forecast.

Further Education recruitment for 2012/13 has been very strong and the College does not see any difficulties in achieving its full funding allocation.

As noted above cash balances remains good and the College does not anticipate any issues in continuing to comfortably meet its financial commitments as they fall due.

## 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 £15.0 million of net assets (excluding £10.2 million pension liability) and long term debt of £4.4 million.

### People

The College employs 290 people (expressed as full time equivalents), of whom 176 are Academic or Academic Support staff.

### Principal Risks and 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 the 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 Strategic Options Review (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. The College has also successfully completed the HEFCE Capital Investment Framework.

## 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/Local Enterprise Partnerships;
- The local community;
- Other HE and FE institutions;
- Trade unions; and
- 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.

## Equality and Diversity

Diversity at Writtle College means recognising that everyone is different, respecting and encouraging these differences and valuing the benefits diversity brings. Equality at Writtle College means that everyone is treated fairly. The College believes Equality and Diversity is central to achieving the goals set out in the College's Strategic Plan, whilst enhancing our cultural profile and labour demographic.

As required by the Equality Act 2010 we take seriously our general duty to:

- eliminate unlawful discrimination, harassment and victimisation;
- advance equality of opportunity between people who do and do not share a protected characteristic; and
- foster good relations between people who share a protected characteristic and those who do not share a protected characteristic

Protected characteristics are:

- race;
- disability;
- gender and gender reassignment;
- age;
- sexual orientation;
- pregnancy and maternity;
- marriage and civil partnership; and
- religion or belief.

We gather and look at evidence to increase our understanding of the impact of policies and procedures.

Every year we publish information on our dedicated webpage: [Equality and Diversity - Writtle College](#) that demonstrates how we have met our general duty. We also consult with staff, students and other people affected by our policies and practice and analyse the effect of our existing policies and practices on equality prior to making policy decisions. This is so that policy can be changed to reflect the findings of the analysis.

Under our specific duties we also publish one or more objectives that will contribute to meeting the general duty.

The College's Equality & Diversity Group monitors and helps to drive equality & diversity action and improvement across the College. The Group's [terms of reference](#) can be found on the webpage. It also assists with ensuring the College meets its obligations under the Equality Act.

## 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 2011/12 the Student Union raised funds for Little Haven and Essex Wildlife Trust.

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.

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 £491k. This compares with £429k for the previous year.

## Staffing Costs

The overall employee expenditure expressed as a percentage of the total College income was 59.5% in 2011/12. In the previous year the percentage was 60.1%. 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.

## 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 Involvement

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.

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.

## Calendar of Achievements 2011/12

### August 2011

A group of apprentices enrolled on a horticulture apprenticeship scheme, delivered by Writtle College and Havering College, started working on the skilled landscaping of the Olympic Park. The apprentices, who had been hired by three Olympic Park contractors were to transform the Games site into London's largest new urban park in more than a century. The project involved extensive landscaping plus the planting of thousands of trees and plants.

### September 2011

The official opening of the Titchmarsh Centre for Animal Studies and Veterinary Nursing by the College's Patron, Alan Titchmarsh marked the culmination of a £1million project to provide superb new facilities for animal science students at the College.



Combined with upgraded science laboratories on the Lordship's Campus, and one year on from the opening of the new £1million equine arena in 2010, the investment in the Titchmarsh Centre ensures that the College is set to remain a leader in the field of equine and animal science in the UK. The Centre has created a purpose-built teaching and learning environment for one of the College's most popular study areas.

The Opening Ceremony for the Titchmarsh Centre coincided with the College's Annual Graduation Ceremony at Chelmsford Cathedral where students celebrated the achievement of their University of Essex awards, marking their successes at the conclusion of their studies at Writtle College.

During the Graduation Ceremonies, Honorary Doctorates were awarded to Peter Harvey who has been a leading light in the study of natural history in Essex for well over two decades; Mike Porter who has a clear passion for educating young people about the origins of their food; and Peter Wilkin who is Chairman of Wilkin & Sons, the manufacturers of the world renowned Tiptree Jams.

### October 2011

The College hosted a visit from Her Royal Highness The Duchess of Cornwall whose tour of the College included attendance at a Higher Education animal



science lecture and a walk through the landscaped quadrangle gardens and glasshouses where she met with Further and Higher Education students and staff. The visit concluded with a tour of the Titchmarsh Centre where a reception was held in her honour.

### November 2011

Christine Hills, First Class Honours degree student from Writtle College was shortlisted as one of the finalists in the Eqvalan Duo Thesis of the Year Award 2011. Christine presented her dissertation 'Does grazing limb preference affect equine biomechanics and development asymmetries?' to a professional audience at Stoneleigh on 11 November 2011.

Christine graduated in September 2011 from the BSc (Hons) Sports Therapy degree - and was one of the first of five students to graduate from this course.

### December 2011

The third issue of the College's annual flagship magazine ARENA was launched at a special reception attended by Governors, business associates as well as key staff and students of the College. The publication celebrated the achievements of Writtle's graduates and continues to play an important role in influencing stakeholders about the high calibre of the College's former students, industrial partners and academic credentials, including significant achievements in research with 27 PhD students at Writtle.

### January 2012

Dr Peter Hobson, Principal Lecturer at Writtle College attended the protecting wilderness in Europe conference held at the European Parliament in Brussels. The 'round table' meeting was coordinated by PAN Parks Foundation - a member of Wild Europe. Together they are working towards the development of Policy to ensure preservation of untouched natural areas for future generations. Dr Hobson attended the conference on behalf of the European Society for Conservation Biology Policy Committee.

## February 2012

The College's patron Alan Titchmarsh paid a return visit to Writtle, exclusively to spend time at the Titchmarsh Centre. He attended veterinary nursing lectures, joined a dog grooming class and toured the animal pens which house both domestic and exotic reptiles, birds and mammals as well as the aquatic room. At a VIP reception attended by local dignitaries and members of the press, Alan praised the work taking place at the Centre and emphasised his pride in his association with the College.

## March 2012

Urbana tranquillitas, the garden designed and built by a team of eight horticultural students at Writtle College, won a silver award in the Ideal Young Gardeners of the Year 2012 competition. In an official ceremony at Earls Court, London, HRH The Prince of Wales spoke to students from the College about their garden design and the unique planting that complemented it.

## April 2012

A special ceremony took place in the College's Equine Arena to confer Ben Maher with an Honorary Doctorate, following which the internationally acclaimed show jumper delighted students and staff with a private demonstration.

## May 2012

Once again, the College was host to the annual Food and Farming Day in partnership with the Essex Agricultural Society, welcoming 3,000 primary school children from the local area to give them an enjoyable taste of rural life on campus and educate them on the origins of their food. The wealth of exhibits in clearly defined zones included live sheep shearing, an opportunity to handle owls, food tasting, large machinery demonstrations and livestock pens.



At the Chelsea Flower Show, the College's horticulture team secured a Silver award for the garden exhibit, entitled 'Green Spaces: Growing Your Own in Small Spaces'. The

garden showed a variety of easy growing methods and tools that are easily adaptable to a small individual space and included innovative designs such as a hydroponic air-lifted green soilless bottle wall which demonstrated how an urban home can recycle bottles to make an attractive internal feature to grow herbs.

The College's Marketing Department scooped two prestigious Awards finals nominations. These included being awarded a Finalist Certificate in the national Chartered Institute of Public Relations Excellence Awards for Arena Magazine, placing the magazine in the top six in the country alongside the Nuclear Decommissioning Authority, Mersey Care NHS Trust and Benenden Healthcare Society. The team also achieved fourth place in the whole of the Universities and Colleges sector with a *Highly Commended Award – Marketing Department of the Year 2012* in the Heist Awards for Excellence in educational marketing.

## June 2012

Four dog grooming students snipped their way to success in the 'Inter College Grooming Competition 2012'. The Writtle team was placed first in the team scissor round and first in the individual scissor class.

## July 2012

Further education students celebrated the culmination of their studies at the annual FE Presentation Day with awards presented by Chris Moody OBE, the Chief Executive of Landex.

Later in July, 90 Further Education floristry students started the creating 2012 and medal Victory under the process of the London Olympic Paralympic winners' Bouquets direction of Writtle Graduate Hannah Emery, who is a florist at the world renowned Jane Packer floristry shop in London. Hannah oversaw the creation of 1,156 Victory Bouquets at the College. National press, regional TV and global online coverage resulted.



The College's Further Education floristry team were also successful in scooping a gold medal at the Hampton Court Flower Show as well as achieving the 'Best Floristry College Exhibit' in show for their exhibit, the Lady of Shalott.





## Professional Advisors

External Auditors	KPMG LLP, 6 Lower Brook Street, Ipswich, Suffolk, IP4 1AP
Bankers	Barclays Bank plc, 2 High Street, Chelmsford, Essex, CMI 1DS.
Internal Auditors	Scrutton Bland, 17 – 19 Museum Street, Ipswich, Suffolk, IP1 1HE.
Solicitors	Birkett Long, Essex House, 42 Crouch Street, Colchester, Essex, CO3 3HH.
College Address	Lordship Road, Writtle, Chelmsford, Essex, CMI 3RR.

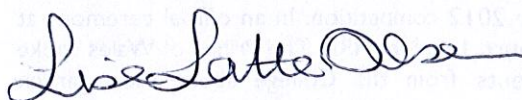
Copies of the Financial Statements can be obtained from the College's address above.

## 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 the Disclosure of Information to the Auditor

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 26/11/12.



# 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 2012, 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	Other Committees served (All members serve on Governing Body)
Ms S Brazier	28 Mar 2008	4 years	27 Mar 2012	Co-opted member	Audit, Chair Business Development Group
Mr S Brice	19 Oct 2012	4 years		Independent member	
Prof D Butcher	01 Oct 2006			Principal	F&GP, Personnel and Remuneration, Search and Governance.
Mr D Church	13 July 2012	4 years		Independent member	
Mr T Cole	21 Jan 2010	3 years		Teaching staff member	Further Education
Mr P Downer	27 Mar 2012	4 years		Co-opted member	Further Education, Business Development Group
Ms H Fitch	19 Oct 2012	3 years		Support staff member	
Mr R Gochin	28 Mar 2008	4 years	27 Mar 2012	Independent member	Chair Further Education
Mr P Illman	1 July 2011	1 year	30 Jun 2012	Student member	
Ms J Izeke	16 July 2010	4 years		Independent member	Personnel and Remuneration
Mr S James	26 June 2009	4 years		Independent member	F&GP (resigned), Audit
Ms P Judd	21 Oct 2011	4 years		Independent member	Chair of Audit
Ms J Logie	25 Mar 2011	4 years		Independent member	Chair of 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	F&GP
Mrs J Mildenhall	29 August 2009	3 years	28 Aug 2012	Support staff member	
Dr D Mitchell	18 July 2008	4 years	17 July 2012	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	11 Oct 2012	Independent member	Personnel and Remuneration, College Farm Group
Mr A Peck	21 Nov 2008	4 years	10 Nov 2011	Independent member	Search and Governance, F&GP, Business Development Group
Prof H Pritchard	28 Mar 2008	4 years	27 Mar 2012	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	Pro-Vice-Chancellor Essex Rolling Appointment		Co-opted member	
Mr F Stringer	1 July 2012	1 year		Student member	
Mr P Van Damme	16 July 2010	4 years		Independent member	Chair 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

## 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 standing committees: Finance and General Purposes Committee; Audit Committee; Personnel and Remuneration Committee; Further Education Committee and Search and Governance Committee. The following sub-committees have been established to facilitate the working of the College: College Farm Group, Business Development Group and Emerging Strategies 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 (F&GP) 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. They also have the opportunity to meet in private without SMT for both External Auditors and Internal Auditors. 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.

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, Lordship Road, Chelmsford, Essex, CMI 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 2012 and up to the date of approval of the financial statements, and accords with HEFCE guidance.

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 Risk Management Group reports 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.

## 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

D P Butcher  
Principal

Date 26/11/12

Date 26/11/12



# Statement of the Responsibilities of the Members of the Governing Body

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; and
- 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;

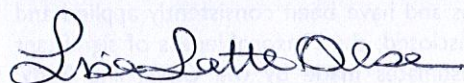
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the College and prevent and detect fraud; and
- secure the economical, efficient and effective management of the College's resources and expenditure.

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; and
- 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 26/11/12



# Report of the Independent Auditor to the Governing Body of Writtle College

We have audited the Group and College financial statements (the "financial statements") of Writtle College for the year ended 31st July 2012 which comprise the Consolidated Income and Expenditure Account, the Consolidated and College Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Consolidated 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 17 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 31st July 2012 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.
- 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.

## 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.

S. Beavis  
S. Beavis

For and on behalf of KPMG LLP, Statutory Auditor  
6 Lower Brook Street  
Ipswich  
Suffolk  
IP4 1AP

27 November 2012

## 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.

# Consolidated Income and Expenditure Account

	Notes	2012 £000	2011 £000
<b>Income</b>			
Funding Council Income	2	8,696	9,362
Academic Fees and Support Grants	3	4,938	4,384
Research Grants and Contracts	4	20	13
Other Operating Income	5	3,386	3,508
Interest Receivable	6	4	3
<b>Total Income</b>		<b>17,044</b>	<b>17,270</b>
<b>Expenditure</b>			
Staff costs	8	10,124	10,372
Exceptional Restructuring costs	8	22	10
Other operating expenses	10	4,870	4,925
Amortisation/ depreciation	14	1,029	965
Interest payable	11	581	563
<b>Total Expenditure</b>		<b>16,626</b>	<b>16,835</b>
<b>Surplus on continuing operations after depreciation of assets at valuation and before tax</b>		<b>418</b>	<b>435</b>
Profit on disposal of fixed assets	7	1	675
<b>Surplus on continuing operations after depreciation of assets at valuation and disposal of assets but before tax</b>		<b>419</b>	<b>1,110</b>
Taxation	12	-	-
<b>Surplus for the year retained with general reserves</b>	<b>13</b>	<b>419</b>	<b>1,110</b>

The income and expenditure account for 2011 and 2012 is in respect of continuing activities



## Consolidated Statement of Historical Cost Surplus

	Notes	2012 £000	2011 £000
Surplus on continuing operations before tax		419	1,110
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	26	183	186
Realisation of property valuation gains of prior years	26	-	155
<b>Historical cost surplus after tax</b>		<b>602</b>	<b>1,451</b>

## Consolidated Statement of Total Recognised Gains and Losses

	Notes	2012 £000	2011 £000
Surplus on continuing operations after depreciation of assets at valuation and tax		419	1,110
Net deficit on movements in endowments	24	(1)	-
Actuarial (loss) in respect of pension scheme	35	(2,690)	(245)
<b>Total recognised (loss) / gains relating to the period</b>		<b>(2,272)</b>	<b>865</b>

# Balance Sheets as at 31 July

	Notes	Consolidated 2012 £000	College 2012 £000	Consolidated 2011 £000	College 2011 £000
<b>Fixed assets</b>					
Tangible assets	14	18,082	18,082	18,208	18,208
<b>Total fixed assets</b>		<b>18,082</b>	<b>18,082</b>	<b>18,208</b>	<b>18,208</b>
<b>Endowment asset investments</b>	16	<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>
<b>Current assets</b>					
Stock	17	162	162	164	164
Debtors	18	587	587	861	861
Cash at bank and in hand		2,786	2,786	2,431	2,431
<b>Total current assets</b>		<b>3,535</b>	<b>3,535</b>	<b>3,456</b>	<b>3,456</b>
<b>Less: Creditors- amounts failing due within one year</b>	19	<b>(2,100)</b>	<b>(2,100)</b>	<b>(2,560)</b>	<b>(2,560)</b>
<b>Net current assets</b>		<b>1,435</b>	<b>1,435</b>	<b>896</b>	<b>896</b>
<b>Total assets less current liabilities</b>		<b>19,520</b>	<b>19,520</b>	<b>19,108</b>	<b>19,108</b>
Less: Creditors: amounts falling due after more than one year	20	(4,448)	(4,448)	(4,459)	(4,459)
Less: Provisions for liabilities	22	(21)	(21)	(10)	(10)
<b>Net assets excluding pension liability</b>		<b>15,051</b>	<b>15,051</b>	<b>14,639</b>	<b>14,639</b>
Net pension liability	35	(10,248)	(10,248)	(7,331)	(7,331)
<b>Net Assets Including Pension Liability</b>		<b>4,803</b>	<b>4,803</b>	<b>7,308</b>	<b>7,308</b>
<b>Deferred capital grants</b>	23	<b>3,845</b>	<b>3,845</b>	<b>4,077</b>	<b>4,077</b>
<b>Restricted Expendable Endowments</b>	24	<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>
Income and expenditure account excluding pension reserve	26	5,048	5,048	4,220	4,220
Pension reserve	35	(10,248)	(10,248)	(7,331)	(7,331)
Income and expenditure account including pension reserve		(5,200)	(5,200)	(3,111)	(3,111)
Revaluation reserve	25	6,155	6,155	6,338	6,338
<b>Total reserves</b>		<b>955</b>	<b>955</b>	<b>3,227</b>	<b>3,227</b>
<b>Total</b>		<b>4,803</b>	<b>4,803</b>	<b>7,308</b>	<b>7,308</b>

The financial statements on pages 20 to 42 were approved and authorised for issue by the Governing Body on 16th November 2012 and were signed on its behalf on that date by:

  
Ms L-L Olsen  
Chair of Board of Governors

D P Butcher  
Principal



Date 26/11/12.

Date 26/11/12

# Consolidated Cash Flow Statement

	Notes	2012 £000	2011 £000
<b>Cash inflow from operating activities</b>	30	1,420	2,106
Returns on investment and servicing of finance	31	(316)	(308)
Capital expenditure and financial investment	32	(696)	(233)
Cash inflow before management of liquid resources and financing		408	1,565
Financing	33	(53)	(165)
<b>Increase in cash</b>		<b>355</b>	<b>1,400</b>
<b>Reconciliation of net cash flow to movement in net debt</b>			
Increase in cash in the period		355	1,400
New Loans		(124)	-
Payment of debt	33	177	165
Change in net debt		408	1,565
New hire purchase agreements	33	-	-
Net debt at 1 August		(2,149)	(3,714)
<b>Net debt at 31 July</b>	34	<b>(1,741)</b>	<b>(2,149)</b>

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

# Notes to the Financial Statements

## 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.

### I.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.

### I.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 have been renegotiated 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.

### I.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.

### I.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 2012.

### I.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.

### I.6 Pension Scheme

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. Where buildings are acquired with the aid of specific grants they are 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 building.

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.

#### 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.

Exceptionally, PC's will be considered as a capital purchase even if purchased individually at a cost of less than £1,000 each (including VAT).

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.

Computers are depreciated on a straight line basis over 3 years.

### 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.

### **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 cont...

	Note	2012 £000	2011 £000
<b>2 Funding Council Grants</b>			
Recurrent grant- HEFCE		4,039	4,451
Non-recurrent grant – HEFCE		30	124
Recurrent grant- FE		4,357	4,438
Non-recurrent grant- FE		79	139
Release of deferred capital grants	23	191	210
		<b>8,696</b>	<b>9,362</b>

## 3 Academic Fees and Support Grants

<b>HE</b>			
Full-time Student Fees		2,927	2,329
Full-time Students charged overseas fees		701	709
Part-time Student Fees		156	225
<b>FE</b>			
Full-time Student Fees		34	38
Full-time Students charged overseas fees		13	25
Part-time Student Fees		105	84
Short Course Student Fees		455	497
Other Fees and Support Grants		547	477
		<b>4,938</b>	<b>4,384</b>

## 4 Research Grants and Contracts

Research grants and contracts		<b>20</b>	<b>13</b>
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## 5 Other Operating Income

Catering and residence operations		2,087	2,029
Releases from deferred capital grants	23	48	62
Estate activities		366	310
Other income		885	1,107
		<b>3,386</b>	<b>3,508</b>

## 6 Interest Receivable

Other interest receivable		<b>4</b>	<b>3</b>
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## Notes to the Financial Statements cont...

2012  
£000

2011  
£000

### 7 Profit/Loss on Disposal of Fixed Assets

Various fixed assets have been disposed of during the year resulting in a profit of £1,000 (2011 £675,000).

### 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:

Academic	106	109
Academic support services (Technical & Library staff)	70	72
Support Staff (Administration, Caretaking, Estate Staff, Halls and Catering Staff)	114	117
	<b>290</b>	<b>298</b>

#### Staff Costs for the above persons

Wages and salaries	8,405	8,582
Social Security costs	622	629
Other pension costs (including FRS 17 adjustments of £(34,000) - 2011 £30,000)	1,097	1,161
Staff restructuring	22	10

<b>Total</b>	<b>10,146</b>	<b>10,382</b>
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Academic departments	5,406	5,520
Academic support services	309	302
Administration and central services	2,609	2,779
Premises	704	689
Other income generating activities	80	66
Catering and residences	695	722
Estates	321	294
Restructuring costs including pension strain	22	10

<b>Total</b>	<b>10,146</b>	<b>10,382</b>
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Employment costs for staff on permanent contracts	9,366	9,872
Employment costs for staff on short-term and temporary contracts	758	500
Restructuring costs	22	10

<b>Total</b>	<b>10,146</b>	<b>10,382</b>
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Remuneration of higher paid staff, including that of the Principal and excluding the employer's pension contributions:

£110,001 - £120,000	1	1
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<b>Total</b>	<b>1</b>	<b>1</b>
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## Notes to the Financial Statements cont...

	2012 £000	2011 £000
<b>9 Emoluments of Senior Postholders</b>		
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.		
<b>The emoluments below represent amounts payable to the Principal who is the highest paid senior post holder.</b>		
Emoluments (excluding employer's National Insurance and pension contributions) paid to the Principal	112	112
Benefit in Kind	2	1
Pension contributions of the Principal paid at the same rate as for other academic staff	16	16
<b>Total</b>	<b>130</b>	<b>129</b>

## 10 Other Operating Expenses

Residences, Catering and Conferences Operating Expenses	735	723
Consumables and Laboratory Expenditure	225	253
Books and Periodicals	220	230
Heat, Light, Water and Power	431	399
Repairs and General Maintenance	262	263
Grants to Students' Union	17	17
Rents and Rates	58	55
<b>Auditor's Remuneration</b>		
Financial Statements Auditor		
Financial Statements audit	34	31
Other services provided by the financial statements auditors	41	-
<b>Internal Auditors</b>		
Internal audit	28	29
Other audit services provided by internal auditors	-	-
Equipment Operating Lease Rentals	38	41
Other Expenses	2,370	2,492
Estate Activities	411	392
<b>Total</b>	<b>4,870</b>	<b>4,925</b>

Reimbursements to 5 trustees for expenditure incurred in attending trustee meetings amounted to £1,304 (2011 £2,301 5 trustees)

The trustees did not receive any remuneration from the charity.

## Notes to the Financial Statements cont...

	2012 £000	2011 £000
<b>11 Interest Payable</b>		
On bank loans, overdrafts and other loans:		
Repayable wholly or partly in more than 5 years	318	307
On finance leases and hire purchase agreements repayable within 5 years by instalments	2	4
Pension finance costs (note 35)	261	252
<b>Total</b>	<b>581</b>	<b>563</b>

## 12 Taxation

UK Corporation Tax	-	-
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The standard rate of tax for the year, based on the UK standard rate of corporation tax is 25.33% (2011 – 27.33%).

The Institution is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 (formerly schedule 2 of the Charities Act 1993) and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Institution is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA2009 and sections 471, and 478-488 CTA 2010 (formerly s505 of ICTA 1988) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

## 13 Surplus on Continuing Operations

The surplus on continuing operations for the year is made up as follows:

College's surplus	419	1,110
<b>Total</b>	<b>419</b>	<b>1,110</b>

## 14 Tangible Fixed Assets

Consolidated and College	Freehold Land and Buildings £000	Equipment £000	Assets in the Course of Construction £000	Total £000
<b>Cost or valuation</b>				
At 1 August 2011	23,364	5,625	979	29,968
Additions at cost	278	533	92	903
Transfer to Assets	922	57	(979)	-
Disposals	(5)	(93)	-	(98)
<b>At 31 July 2012</b>	<b>24,559</b>	<b>6,122</b>	<b>92</b>	<b>30,773</b>
<b>Depreciation</b>				
At 1 August 2011	7,140	4,620	-	11,760
Charge for the year	567	462	-	1,029
Eliminated in respect of disposals	(5)	(93)	-	(98)
<b>At 31 July 2012</b>	<b>7,702</b>	<b>4,989</b>	<b>-</b>	<b>12,691</b>
<b>Net book value at 31 July 2012</b>	<b>16,857</b>	<b>1,133</b>	<b>92</b>	<b>18,082</b>
Net book value at 31 July 2011	16,224	1,005	979	18,208

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	-
Aggregate Depreciation based on cost	-
Net book value based on cost	-

Included in freehold land and buildings is land valued at £809,960 (2011: £809,960).  
All assets were valued in 1993 by Essex County Council Property Services.

The depreciation charge for the year is analysed as follows:

Owned assets	947	883
Assets held under hire purchase obligations	82	82
<b>Total</b>	<b>1,029</b>	<b>965</b>

Equipment with a net book value of £74,000 is held under hire purchase agreements (2011 - £155,000)

## 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 1st August 2009.

## Notes to the Financial Statements cont...

	Note	Consolidated 2012 £000	College 2012 £000	Consolidated 2011 £000	College 2011 £000
Balance at 1 August 2011		4	4	4	4
Transfer from Income & Expenditure account	24	(1)	(1)	-	-
<b>Balance at 31 July 2012</b>		<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>

## 17 Stock

Livestock		107	107	121	121
Consumables		55	55	43	43
<b>Total</b>		<b>162</b>	<b>162</b>	<b>164</b>	<b>164</b>

## 18 Debtors

Amounts falling due within 1 year:					
Trade debtors		228	228	534	534
Other debtors		3	3	7	7
Prepayments and accrued income		356	356	320	320
<b>Total</b>		<b>587</b>	<b>587</b>	<b>861</b>	<b>861</b>

## 19 Creditors: Amounts falling due within one year

Bank loans and overdrafts		103	103	85	85
Obligations under hire purchase contracts		2	2	78	78
Payments received on account		220	220	264	264
Trade creditors		1,281	1,281	1,576	1,576
Other creditors		167	167	223	223
Other taxation and social security		241	241	264	264
Accruals		86	86	70	70
<b>Total</b>		<b>2,100</b>	<b>2,100</b>	<b>2,560</b>	<b>2,560</b>

## 20 Creditors: Amounts falling due after more than one year

Bank loans		4,342	4,342	4,415	4,415
Other loans		80	80	-	-
Obligations under hire purchase contracts		-	-	2	2
Pensions and similar obligations		26	26	42	42
<b>Total</b>		<b>4,448</b>	<b>4,448</b>	<b>4,459</b>	<b>4,459</b>



## Notes to the Financial Statements cont...

	Consolidated 2012 £000	College 2012 £000	Consolidated 2011 £000	College 2011 £000
<b>21 Analysis of borrowings of the College</b>				
<b>a. Bank Loans and Overdraft</b>				
Bank loans and overdrafts repayable as follow:				
In one year or less	73	73	85	85
Between one and two years	77	77	72	72
Between two and five years	258	258	245	245
In five years or more	4,006	4,006	4,097	4,097
<b>Total</b>	<b>4,414</b>	<b>4,414</b>	<b>4,499</b>	<b>4,499</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 are fixed at a rate of 5.45% until August 2021.

<b>b. Other Loans</b>				
Salix loans are repayable as follows:				
In one year or less	31	31	-	-
Between one and two years	31	31	-	-
Between two and five years	49	49	-	-
In five years or more	-	-	-	-
<b>Total</b>	<b>111</b>	<b>111</b>	<b>-</b>	<b>-</b>

The College has taken three Salix loans. These are interest free loans and repayable over 4 years, in quarterly instalments.

<b>c. Hire Purchase Contracts</b>				
The net hire purchase obligations to which the College is committed are:				
In the next year	2	2	78	78
In the second to fifth years inclusive	-	-	1	1
<b>Total</b>	<b>2</b>	<b>2</b>	<b>79</b>	<b>79</b>

## 22 Provision for Liabilities

	Consolidated and College Total £000
<b>As at 1 August 2011</b>	10
Transferred to income and expenditure account	(10)
Transferred from income and expenditure account	21
<b>At 31 July 2012</b>	<b>21</b>

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

The current year provision of £21k wholly relates to restructuring.

## 23 Deferred Capital Grants

	<b>Funding Councils £000</b>	<b>Consolidated and College Other Grants £000</b>	<b>Total £000</b>
<b>As at 1 August 2011</b>			
Land and buildings	3,010	808	3,818
Equipment	236	23	259
<b>Total</b>	<b>3,246</b>	<b>831</b>	<b>4,077</b>
<b>Cash received</b>			
Land and buildings	-	7	7
Equipment	-	-	-
<b>Total</b>	<b>-</b>	<b>7</b>	<b>7</b>
<b>Released to income and expenditure account</b>			
Land and buildings	(101)	(32)	(133)
Equipment	(90)	(16)	(106)
<b>Total:</b>	<b>(191)</b>	<b>(48)</b>	<b>(239)</b>
<b>As at 31 July 2012</b>			
Land and buildings	2,909	783	3,692
Equipment	146	7	153
<b>Total</b>	<b>3,055</b>	<b>790</b>	<b>3,845</b>

	<b>Consolidated 2012 £000</b>	<b>College 2012 £000</b>	<b>Consolidated 2011 £000</b>	<b>College 2011 £000</b>
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## 24 Restricted Expendable Endowments

<b>As at 1 August 2011</b>	4	4	4	4
Transfer from Income & Expenditure account	(1)	(1)	-	-
<b>At 31 July 2012</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>

## 25 Revaluation Reserve

<b>As at 1 August 2011</b>	6,338	6,338	6,679	6,679
Transfer from revaluation reserve to income and expenditure account	(183)	(183)	(186)	(186)
Gain realised on disposal of property transferred to income and expenditure reserves	-	-	(155)	(155)
<b>At 31 July 2012</b>	<b>6,155</b>	<b>6,155</b>	<b>6,338</b>	<b>6,338</b>

## Notes to the Financial Statements cont...

	Consolidated 2012 £000	College 2012 £000	Consolidated 2011 £000	College 2011 £000
<b>26 Income and Expenditure Account</b>				
<b>As at 1 August 2011</b>	<b>(3,111)</b>	<b>(3,111)</b>	<b>(4,317)</b>	<b>(4,317)</b>
Transfer from revaluation reserve to income and expenditure account	183	183	186	186
Actuarial (loss) in respect of pension scheme	(2,690)	(2,690)	(245)	(245)
Surplus on continuing operations after depreciation of assets at valuation and tax	419	419	1,110	1,110
Transfer to income and expenditure reserves in respect of the unrestricted fund	(1)	(1)	-	-
Transfer of income and expenditure reserves in respect of realised gains	-	-	155	155
<b>At 31 July 2012</b>	<b>(5,200)</b>	<b>(5,200)</b>	<b>(3,111)</b>	<b>(3,111)</b>
Balance represented by Pension Reserve	(10,248)	(10,248)	(7,331)	(7,331)
Income and Expenditure Reserve excluding Pension Reserve	5,048	5,048	4,220	4,220
<b>At 31 July 2012</b>	<b>(5,200)</b>	<b>(5,200)</b>	<b>(3,111)</b>	<b>(3,111)</b>

## 27 Financial Commitments

At 31 July 2012 the College had annual commitments under non-cancellable operating leases for equipment as follows:

Expiring within one year	-	-	-	-
Expiring between two and five years inclusive	37	37	37	37
<b>Total</b>	<b>37</b>	<b>37</b>	<b>37</b>	<b>37</b>

## 28 Capital Commitments

Commitments contracted for at 31 July 2012	153	153	182	182
Authorised commitments but not contracted for at 31 July 2012	-	-	-	-
	<b>153</b>	<b>153</b>	<b>182</b>	<b>182</b>

## 29 Post Balance Sheet Events

There are no material post balance sheet events to report.

## Notes to the Financial Statements cont...

	2012 £000	2011 £000
<b>30 Reconciliation of Consolidated Operating Surplus to Net Cash Inflow from Operating Activities</b>		
Surplus on continuing operations after depreciation of assets at valuation and tax	419	1,110
Depreciation (note 14)	1,029	965
Deferred capital grants released to income (note 23)	(239)	(272)
Profit on disposal of tangible fixed assets	(1)	(675)
Decrease / (Increase) in stocks	2	(4)
Interest payable (note 11)	581	563
Pension costs less contributions payable (note 8)	(34)	30
Decrease in debtors	74	157
(Decrease) / Increase in creditors	(418)	250
Increase / (Decrease) in provisions	11	(15)
Interest receivable (note 6)	(4)	(3)
<b>Net cash inflow from operating activities</b>	<b>1,420</b>	<b>2,106</b>

## 31 Returns on Investments and Servicing of Finance

Other Interest Received (note 6)	4	3
Interest Paid (note 11)	(320)	(311)
<b>Net cash outflow from returns on investment and servicing of finance</b>	<b>(316)</b>	<b>(308)</b>

## 32 Capital Expenditure and Financial Investment

Tangible Assets Acquired	(903)	(1,320)
Receipts from Disposal of Tangible Assets	1	844
Deferred Capital Grants Received (note 23)	7	3
Disposal of Activities at Shuttleworth College	200	240
Net Endowments Paid Out (note 24)	(1)	-
<b>Net cash (outflow) from capital expenditure and financial investment</b>	<b>(696)</b>	<b>(233)</b>

## 33 Analysis of Changes in Financing During the Year

	Total £000	Finance Leases £000	Mortgage & Loans £000
<b>Balances at 1 August 2011</b>	<b>4,580</b>	<b>81</b>	<b>4,499</b>
New Loans	124	-	124
Capital repayments	(177)	(79)	(98)
<b>Balances at 31 July 2012</b>	<b>4,527</b>	<b>2</b>	<b>4,525</b>



## Notes to the Financial Statements cont...

### 34 Analysis of Changes in Net Debt

	At 1 August 2011 £000	Cash Flows £000	Non Cash Movement £000	At 31 July 2012 £000
Cash at Bank and in Hand				
Overdraft	-	-	-	-
Other	2,431	355	-	2,786
	<b>2,431</b>	<b>355</b>	<b>-</b>	<b>2,786</b>
Debt due within one year	(85)	(26)	8	(103)
Debt due after one year	(4,414)	-	(8)	(4,422)
Hire purchase agreements	(81)	79	-	(2)
<b>Net debt</b>	<b>(2,149)</b>	<b>408</b>	<b>-</b>	<b>(1,741)</b>

### 35 Pension and Similar Obligations

The Colleges' 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.

Total pension cost for the year	Year ended 31 July 2012 £000	Year ended 31 July 2011 £000
Teachers' Pension Scheme: contributions paid	524	542
Local Government Pension Scheme: contributions charged to the income and expenditure account (staff costs)	573	619
Enhanced pension charge to Income and Expenditure Account (staff costs)	-	-
<b>Total Pension Cost for Year</b>	<b>1,097</b>	<b>1,161</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 the 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 not less than every four 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%

## Notes to the Financial Statements cont...

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 2011 to 31 March 2012 the employer contribution rate was 14.1%; the employee rate was 6.4% of the same period. From 1 April 2012 the contribution rates are set at 14.1% for employers and banded rates of 6.4% - 8.8% for employees.

### 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.

### Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee administered funds. The total contributions made for the year ended 31 July 2012 was £622,000 of which employer's contributions totalled £396,000 and employees' contributions totalled £226,000. The agreed contribution rates for future years are set at 11.1% for employers and banded rates of 5.5% to 7.5% for employees. In addition an employer's annual contribution of £211,000 (2011 - £181,000) 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.

### Principal Actuarial Assumptions

	Year ended 31 July 2012	Year ended 31 July 2011
Rate of RPI inflation	2.6%	3.4%
Rate of CPI inflation	1.8%	2.9%
Rate of increase in salaries	3.6%	4.4%
Rate of increase for pensions in payment/inflation	1.8%	2.9%
Discount rate for liabilities	3.9%	5.3%
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:

Retiring today:		
Males	22.7	22.6
Females	25.3	25.2
Retiring in 20 years:		
Males	24.1	24.0
Females	26.8	26.8

## Notes to the Financial Statements cont...

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

	Long Term rate of return expected at 31 July 2012	Fair Value at 31 July 2012 £000	Long Term rate of return expected at 31 July 2011	Fair Value at 31 July 2011 £000
Equities	5.9%	10,200	7.0%	9,653
Government Bonds	2.8%	887	3.9%	988
Other Bonds	3.9%	1,330	4.9%	1,200
Property	4.9%	1,774	6.0%	1,595
Cash/Liquidity	0.5%	591	0.5%	677
Other	-	-	-	-
<b>Total market value of assets</b>		<b>14,782</b>		<b>14,113</b>
Actuarial value of scheme liabilities		(25,030)		(21,444)
<b>Deficit in the scheme – Net pension liability</b>		<b>(10,248)</b>		<b>(7,331)</b>
		<b>31 July 2012 £000</b>		<b>31 July 2011 £000</b>
<b>Analysis of amounts charged to income and expenditure account:</b>				
Employer's service cost		(619)		(655)
Curtailment costs		-		(19)
<b>Total operating charge</b>		<b>(619)</b>		<b>(674)</b>
<b>Analysis of pension finance costs:</b>				
Expected return on pension scheme assets		889		836
Interest on pension scheme liabilities		(1,150)		(1,088)
<b>Pension finance costs</b>		<b>(261)</b>		<b>(252)</b>
<b>Amount recognised in the statement of total recognised gains and losses (STRGL)</b>				
Actuarial gains on pension scheme assets		(772)		49
Actuarial gains on pension scheme liabilities		(1,918)		(294)
<b>Actuarial (loss) recognised in STRGL</b>		<b>(2,690)</b>		<b>(245)</b>
<b>Movement in deficit in the year:</b>				
Deficit in the scheme at 1 August		(7,331)		(6,804)
Current employer service costs		(619)		(655)
Employer contributions		653		644
Past service (costs)/gains curtailment or settlements		-		(19)
Net interest		(261)		(252)
Actuarial loss		(2,690)		(245)
<b>Deficit in scheme at 31 July</b>		<b>(10,248)</b>		<b>(7,331)</b>

## Notes to the Financial Statements cont...

	31 July 2012 £000	31 July 2011 £000
<b>Reconciliation of Liabilities</b>		
Liabilities at start of period	21,444	19,515
Current Service cost	619	655
Interest cost on pension liabilities	1,150	1,088
Employee contributions	226	230
Actuarial loss	1,918	294
Benefits paid	(327)	(357)
Past service gain	-	-
Curtailments and settlements	-	19
<b>Liabilities at end of period</b>	<b>25,030</b>	<b>21,444</b>
<b>Reconciliation of Assets</b>		
Assets at start of period	14,113	12,711
Expected return on assets	889	836
Actuarial (loss) / gain	(772)	49
Employer contributions	653	644
Employee contributions	226	230
Benefits paid	(327)	(357)
<b>Assets at end of period</b>	<b>14,782</b>	<b>14,113</b>

The estimated value of employer contributions for the year to 31 July 2013 is £599,000 (2012 £606,000)

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 2012 (approximately 59%) and the approximate FRS 17 liabilities for the 30 members to be transferred is estimated at £913,000, then the corresponding balance sheet assets to transfer would be approximately £540,000. The net FRS 17 deficit would then be restated as £9.875 million compared to the current £10.248 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. The final adjustment will only be known when the negotiations between the two parties are finalised.

History of experience of gains and losses	At 31 July 2012	At 31 July 2011	At 31 July 2010	At 31 July 2009	At 31 July 2008
<b>Difference between the expected and actual return on scheme assets:</b>					
Amount £000	(772)	49	1,156	(1,536)	(1,791)
<b>Experience losses on scheme liabilities</b>					
Amount £000	(2)	18	-	-	(564)
<b>Total amount recognised in the statement of total recognised gains and losses:</b>					
Amount £000	(2,690)	245	962	361	(3,248)



### 36 Access Funds

	Consolidated and College	
	2012	2011
	£000	£000
Funding Council Grants	25	23
Contribution to Staff Administration	(1)	(1)
Interest Earned	-	-
	<b>24</b>	<b>22</b>
Balance unspent and brought forward	-	-
Disbursement to Students	(24)	(22)
Audit Fees	-	-
To be returned to Funding Council	-	-
<b>Balance Unspent at 31 July 2012</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 Account.

There is £353 unspent funds to be carried forward to 2012/13 (2011/12 – nil).

### 37 Learner Support Funds

	Consolidated and College	
	2012	2011
	£000	£000
Funding Council Grants	293	271
Contribution to Staff Administration	(15)	(13)
Interest Earned	-	-
	<b>278</b>	<b>258</b>
Balance unspent and brought forward	-	-
Disbursement to Students	(107)	(97)
Audit Fees	-	-
To be returned to Funding Council	(158)	(161)
<b>Balance Unspent at 31 July 2012</b>	<b>13</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 Account.

There are no unspent funds to be carried forward to 2012/13 (2011/12 – nil).

### 38 Related Party Transactions

Transactions with the LSC and its successor bodies and the HEFCE are shown in notes 2, 18 and 19. Any transactions with the trustees are dealt with as 3<sup>rd</sup> party transactions.

#### **Trustees**

Due to the nature of the College's operations and the compositions of the Trustees, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a trustee may have an interest. All transactions involving organisations in which a trustee may have an interest are conducted at arm's length and in accordance with the College's Financial Regulations and usual procurement procedures.

In November 2011 the College entered into a 10 year lease with Wilkin and Sons Ltd to rent buildings to operate a tea room and gift shop. It should be noted that 2 members of Wilkin and Sons Senior Management are Governors of the College. However they were not directly involved in the negotiations or in the signing of the agreement. The agreement is purely on a commercial arms' length basis.